

PN-ACE-381

**USAID SUPPORT  
FOR NGO CAPACITY-BUILDING**

**Approaches, Examples, Mechanisms**

Office of Private and Voluntary Cooperation  
USAID

July 1998

This report was prepared by **Lou Stamberg** under a contract from  
the Office of Private and Voluntary Cooperation

The Enabling Environment section was written by **Ann Hudock** in the Democracy  
and Governance Center in the Global Bureau

Oversight and Coordination was provided by **John Grant** and **Gregory Perrier**  
in the Office of Private and Voluntary Cooperation

## CONTENTS

I	Introduction	1
II	USAID's Conceptual Framework for NGO Capacity-Building	2
III	USAID-Supported Approaches and Mechanisms	3
	A U S PVO - Local NGO Mentoring Generic Models	
	B Building Networks and Coalitions	
	C Improving the Enabling Environment	
	D Institutionalization of Local NGOs/Support of Exit Strategies	
	E The GEM Approach	
	F NGO Service Centers	
	G Umbrella Models	
	H Consortia	
	I Endowments	
	J Vouchers	
IV	USAID-Supported Assessment Tools for NGO Capacity-Building	17
V	Regional Examples of USAID-Supported Capacity-Building	20
	* Africa	21
	* Asia	27
	* Latin America and the Caribbean	31
	* Europe and the New Independent States	37
VI	Centrally-Funded Examples of USAID NGO Capacity-Building	41

# **USAID SUPPORT FOR NGO CAPACITY-BUILDING**

## **Approaches, Examples, Mechanisms**

### **I INTRODUCTION**

USAID has worked closely with nongovernmental organizations for many decades, but the nature, focus, and magnitude of USAID/NGO collaborative efforts have changed substantially. While initial emphasis was on humanitarian relief and emergency food distribution programs carried out by U S private voluntary organizations, in the past two decades the relationship has evolved to emphasize the role of non-governmental organizations in addressing the issues of longer-term development. USAID played a critical role, beginning in the late 1970's, in strengthening the capacity of members of the U S private voluntary community to plan, implement, and evaluate development programs. The depth and magnitude of the USAID/U S PVO partnership has increased commensurately. U S PVOs and other nongovernmental organizations are now major components of the U S foreign assistance effort.

Coupled with the strengthened USAID/U S PVO partnership has been a significant increase in the development and potential of the nongovernmental sector abroad. indigenous NGOs and community-based grassroots organizations (CBOs). While the role and size of the indigenous NGO sector varies widely between regions and on a country-by-country basis, USAID has increasingly turned its attention to building the capacities of such indigenous organizations, as a prerequisite to broad-based sustainable development. The post-Cold War decade of the 1990's, in particular, has seen major changes in the context for the USAID's work with the NGO sector. Non-governmental organizations have been increasingly recognized as indispensable to creating and sustaining the civil society framework fundamental to long-term sustainable development in the newly independent nations of the former Soviet Union as well as in traditional developing countries.

The growing number and importance of local NGOs has had significant implications for the role of U S PVOs and for the USAID/PVO partnership. U S PVOs remain major USAID partners in both developmental and humanitarian assistance. Today, however, USAID looks to U S PVOs less for direct service delivery than as partners and facilitators of NGO-implemented activities. This has brought the importance of local NGO capacity-building to the fore, as a matter both of USAID policy and practice.

This paper discusses USAID support for NGO capacity-building, particularly over the past decade. This support has taken a variety of forms and utilized a range of assistance mechanisms. Capacity-building encompasses a wide-ranging spectrum of activities, ranging from a small training component or a limited technical consultancy as part of a much larger assistance program aimed at sectoral change, to a comprehensive package of training, technical assistance, and small grants aimed at changing the recipient organizations themselves. Thus, in one sense,

virtually any training program or consultancy which benefits an NGO or community based organization can be termed capacity-building. This paper takes a more focused perspective, consistent with the definition of capacity-building as “an explicit intervention that aims to improve an *organization’s* (emphasis supplied) effectiveness and sustainability in relation to its mission and context” (INTRAC). From this perspective, NGO capacity-building is geared to the organization, not the project or the individual. It must be a deliberate focus of the program itself aimed at the ability of the organization to carry out its mission. Capacity-building can also be directed to establishing or strengthening NGO networks or coalitions, or to helping an NGO work out or clarify its mission. This perspective best lends itself to the basic purpose of this paper to discuss approaches, examples, and mechanisms utilized by USAID in support of NGO capacity-building, in a way that is useful for the broader donor and NGO community.

The sections that follow elaborate on the current USAID conceptual framework for NGO capacity-building, describe various approaches and mechanisms utilized by USAID in support of NGO capacity-building, discuss several tools developed with USAID support to assess organizational capacity, and offer examples of USAID-supported capacity-building drawn from each geographic region in which USAID works.

## II USAID’S CONCEPTUAL FRAMEWORK FOR NGO CAPACITY-BUILDING

While USAID has an extensive history of support for NGO capacity-building over the past decade, the current conceptual underpinnings are perhaps best embodied in USAID’s New Partnerships Initiative (NPI), announced by Vice President Gore at the United Nations Social Summit in Copenhagen in March 1995, and expressed in various documents prepared as part of that initiative. NPI recognizes the centrality of NGO empowerment, along with small business development and democratic local governance, to building the civil society framework essential to sustainable development.

As stated in the “Core Report of the New Partnerships Initiative” (USAID, July 1995), the goal of the NPI is to “stimulate lasting economic, social and political development by building local institutional capacity.” NPI focuses on three sets of local institutions that can enhance development efforts: NGOs, small businesses, and local governments. All are strengthened through capacity building and creation of an enabling environment. The Core Report describes NPI as an Agency-wide effort to make local capacity building a central concern in all Agency programs. It states that USAID will pursue programs which foster at all levels of government an enabling environment favorable to NGO empowerment and which directly bolster the capacity of local NGOs, utilizing intermediaries, especially U.S. PVOs, to carry out much of this work. While the report recognizes that the nature and roles of NGOs will differ significantly from country to country, the overall goal is to create a large, diverse community of local NGOs capable of promoting sustainable development.

The conceptual framework for USAID-supported NGO capacity-building is most comprehensively elaborated in the “NPI Resource Guide A Strategic Approach to Development Partnering” (USAID, January 1997) This extensively documented report brings together the results of NPI field tests in 15 pilot USAID Missions and provides a number of programming tools to assist in incorporating NPI into Mission portfolios It offers detailed discussion of the ways in which the three NPI building blocks – local capacity building, strengthening the enabling environment, and fostering strategic partnerships – can improve the ability of local actors to energize development Chapter Three of the Resource Guide provides a detailed discussion of hands-on USAID-supported local capacity-building within the NPI conceptual framework, and includes a set of tools for Missions to use in assessing organizational capacity and building capacity for partnership

While full implementation of NPI concepts remains a significant USAID challenge, the Resource Guide offers a striking illustration of the centrality of NGO capacity-building as a component of USAID’s current development efforts, together with numerous recent examples of how NGO capacity-building has been incorporated into USAID worldwide programming

### III USAID-SUPPORTED APPROACHES AND MECHANISMS

USAID supports NGO capacity-building in many ways and through a variety of funding and management mechanisms To a large extent, USAID has looked to U S private voluntary organizations as the principal implementors of NGO capacity-building, but such programs have been carried out as well by contractors, universities, and by USAID Missions themselves This section discusses and offers examples of some of the major ways in which USAID has supported NGO capacity-building

#### A U S PVO-Local NGO Mentoring Generic Models

Partnerships or mentoring relationships between a U S PVO and local NGOs are perhaps the most common mode of USAID support for NGO capacity-building Such relationships take many different forms, utilize many of the mechanisms described in the succeeding sections of this report, and are highly specific to the country, regional and sectoral contexts for which they are designed For this reason, generic models of NGO capacity building can be difficult to document Nonetheless, a significant and increasing number of USAID-supported U S PVOs have been successful in describing the broad approaches that characterize their NGO capacity-building efforts

The U S PVO Pact, for example, states that it looks at capacity-building as a three-stage process that moves NGOs from foundation/development, to consolidation, and finally to institutionalization The first stage is accomplished through project proposal reviews, strategic planning, feasibility studies, funding, and monitoring of individual NGOs The second stage is consolidation of individual NGOs through building coalitions, consortia, and strategic partners

The third stage is institutionalization of the NGO community, including participation in policy advocacy and legislation to build an enabling external environment. Programs frequently work simultaneously on activities in each stage to coordinate development of internal capacity with the external environment.

More specifically, Pact builds capacity by mobilizing and channeling technical, material and human resources into indigenous NGOs that implement development projects, acting as an umbrella grant managing organization that promotes both the growth of individual NGOs and also the NGO sector as a whole. At the organizational development level, the tools it uses include organizational assessment, technical assistance, training workshops and seminars, study tours, tutoring and organizational development consultancies, and direct grant support to allow service delivery and organizational development to go hand in hand. At the NGO sectoral level, activities include coalition-building and networking, policy reform, advocacy, strengthening NGO-government relations, and developing domestic resources. (Pact Program Resource Handbook, March 1996)

Counterpart International similarly describes a replicable model for NGO capacity-building, derived from experience in the South Pacific and the NIS, that is adaptable to diverse local environments. Counterpart summarizes its capacity-building strategy as an integrated package of services that a) strengthens the internal capacity of NGOs both to provide services and to advocate on behalf of clients, and b) strengthens NGOs as viable partners and coalition members at the local, regional, and international levels.

Counterpart emphasizes the critical role of the enabling environment in fostering and strengthening the NGO sector. It emphasizes as well the creation of NGO coalitions and professional associations, through the provision of technical assistance and financial resources to design and undertake services to members and advocate on behalf of the sector. Training is an integral part of its capacity-building program, with modules keyed to training levels as well as cultural context, and with a focus on training of local trainers. Microenterprise has an important role in Counterpart's efforts to build NGOs financial sustainability. Partnerships and strategic alliances are viewed as an essential mechanisms for capacity-building, to give a local NGO access to knowledge and skills, innovative and proven methodologies, networking and funding opportunities, replicable models for addressing community needs and managing resources, options for organizational management and governance, and strategies for advocacy, government relations, and public outreach. (1996 Annual Report, Counterpart International)

The Christian Reformed World Relief Committee takes a somewhat different approach to NGO capacity-building. The handbook "Partnering to Build and Measure Organizational Capacity" (CRWRC, 1997) discusses a USAID-supported three-year inquiry into best practices of partnership and organizational capacity-building, conducted collaboratively by the Case Western University's Weatherhead School of Management, the CRWRC, and more than 100 local NGOs working with CRWRC around the world. CRWRC identifies six principles of capacity-building that, while not a blueprint, form a set of normative guidelines grounded in the experience of the study participants. They include the need to begin with mutual partnership between organizations, the finding that organizational capacity-building works best when it is

appreciative rather than evaluative, i.e., when it focuses on the strengths and value-based factors of an organization, as well as technical factors, the need to contextualize everything, since contextual variation is a key element in organizational capacity-building, the necessity of thinking of the organization as a living organism rather than a mechanical model, the fundamental importance of inter-organizational learning, i.e., interacting with a wide variety of other organizations at all levels to learn how best to strengthen organizational purpose and performance, and the need to create and ensure systems for mutual accountability in relationships

## **B Building Networks and Coalitions**

Support for the formation and strengthening of NGO networks and coalitions has been increasingly recognized as an essential component of USAID-supported capacity-building for the NGO sector as a whole as well as individual organizations themselves. This recognition both reflects and responds to the rapid increase in the number and effectiveness of such coalitions and networks around the world. Experience to date shows that building networks can be key to the impact, sustainability, and continuity of NGO programs, facilitating the sharing of lessons learned and outreach to partners and affiliates at all organizational and geographic levels.

The Small Enterprise Education and Promotion (SEEP) Network is a USAID-supported association of 42 North American private development organizations which support micro and small enterprise programs in the developing world. SEEP's mission is to promote professional standards of practice, conduct an educational program for its members and other practitioners, create and disseminate publications with high field applicability, and serve as a center for collaboration on a broad range of sector-related issues. Over the past decade, SEEP has played an increasingly active role, with its member institutions, in strengthening the outreach and impact of small and micro enterprise NGOs around the world. SEEP has prepared numerous publications on the institutional development of small-enterprise NGOs (e.g., *An Institutional Guide for Enterprise Development Organizations*, SEEP/Pact Publications, NEXUS, SEEP's quarterly newsletter).

USAID/Philippines offers the example of an assistance program with a major PVO/NGO component that has evolved over many years to a strategy that now places principal focus on coalition-building. The Mission has funded four "PVO CoFinance" programs since 1980, and while each has had a different emphasis, an overall goal has been the institutional strengthening of NGOs. The Co-Finance program has increasingly supported partnerships between and among NGOs. In FY 1995, the Co-Fi program funded three coalition-building projects and another three in FY 1996. In these grants, a U.S. PVO or local PVO serves as the grant recipient with a national coalition as project implementor. The coalition-building projects are diverse, including fisherfolk advocacy for sustainable aquatic reform, enhancing people's initiatives for housing and urban development, advancing the participation of upland indigenous peoples in the democratic process, empowering women and children in the informal sector, building unity for



coconut industry reform, and developing standards for the microfinance sector (Evolution of A PVO Co-Financing Program Lessons Learned at USAID/Philippines, Cripe/Perrier, 1997)

A new USAID program, PVO/NGO Networks, is designed to increase the use of family planning, reproductive health, child survival and HIV (FP/RH/CS/HIV) services through enhanced capacities of PVO/NGO networks and partnerships. The program will work only through in-country networks of PVOs and NGOs that partner with other sectors or organizations, rather than supporting individual PVO or NGO proposals or technical assistance needs. Building on considerable USAID family planning and reproductive health experience with PVOs and NGOs, it responds to increased demands for technical assistance and capacity-building from the private voluntary sector. Among the specific results it seeks to achieve are sustained PVO/NGO capacity for quality service delivery, accurate community FP/RH/CS/HIV knowledge and sustained behavior change, expanded, productive PVO/NGO networks for service delivery, and expanded service delivery coverage through PVO/NGO networks' partnerships with the public sector (PVO/NGO Networks, USAID Bureau for Global Programs, May 1997)

The African Women Leaders in Agriculture and the Environment (AWLAE) program, implemented by Winrock International, works at both the macro and micro level to create a pan-African cadre of women scientists and leaders committed to the well-being and productivity of the woman farmer. As part of a training program in Leadership for Change, women leaders are mobilized in new sustainable African NGOs and professional associations to continue to serve the woman farmer. The program does this in three ways: preparing women leaders with academic scholarships and a two part training program, plus professional development support through skills workshops and an electronic learning network; building an enabling professional environment to which the women return after training and study, and creating sustainable mechanisms to continue the work of AWLAE through (1) establishment of African NGOs/professional associations, (2) gender networking and resource centers attached to existing institutions, and (3) career guidance and mentoring program (Winrock International, Arlington, VA)

The Center for Development and Population Activities (CEDPA), with USAID support, also carries out capacity-building programs that aim at the creation of networks. CEDPA's capacity-building strategy is two-fold: working with individuals to develop their leadership practices and management skills, and working with organizations for increased effectiveness and sustainability. CEDPA's capacity-building activities are integrated with programs in the field and conducted with alumni and partner organizations. Leaders of international organizations participate in CEDPA's training workshops in the U.S. each year. Follow-up training and technical assistance activities with alumni of these workshops, partners, and other stakeholders are conducted in several of their countries each year. CEDPA facilitates an average of 20 to 25 regional and country-based workshops annually in countries where CEDPA, alumni, and partner organizations are implementing development programs. These workshops, as well as specific technical assistance, offer training in virtually all major areas of organizational capacity. CEDPA's goal is to create a network that fosters continued communication, support, and follow-up activities, and that participates with other programs in an expanding network of advocates for women's partnership in development (CEDPA, Washington, D.C.)

## C Improving the Enabling Environment

The character of the legal, regulatory and fiscal environment in a given country significantly shapes the status and effectiveness of the NGOs operating in that country. As part of its efforts to increase the capacity of NGOs, USAID has supported dialogue and action in the area of creating an enabling environment for NGO development.

An enabling environment for NGOs' operations discourages arbitrary exercise of government authority, or the curtailing of fledgling NGO movements. While some governments welcome NGO activities, particularly those geared toward service delivery, many times governments are suspicious of NGOs' work, especially when it is targeted toward advocacy. Strengthening the enabling environment for NGOs then entails putting in place those policies that protect NGOs from government hostility, and ensures NGOs are able to regulate their own activities so that the misplaced actions of a few organizations can not jeopardize the integrity of the sector.

What comprises such an environment conducive to NGO voices and action is the subject of much debate. There are many who feel that no laws are the best laws since this gives NGOs, particularly those critical of government or supportive of human rights for poor and marginalized, the greatest room for maneuver. Where there are few parameters guiding NGOs and regulating their actions, NGOs can exploit that space.

On the other hand, there is increasing recognition that if NGOs and civil society more broadly are to contribute to democratic governance and participatory development then there is a need for government policies which support the existence of these organizations and their many functions. Such policies include rights regarding freedom of speech or association, regulatory policies, fiscal policies, funding and partnership relations, and policies regarding consultations with the public and with NGOs.<sup>1</sup>

There is no model law which can be developed and promoted across the board in order to strengthen the enabling environment for NGO activity. The country context is one of the most significant determinants of how the enabling environment should be structured. Laws affecting the sector should be prepared in consultation with representatives of the NGO sector and government in the country concerned to ensure their appropriateness. While there is no one format to be followed, the basic characteristics of an enabling environment vis-a-vis civil society empowerment include the following.<sup>2</sup>

1 **Favorable Economic Conditions** This is one of the most important approaches which government can pursue to encourage and empower civil society. That is, by making economic

---

<sup>1</sup>World Bank Handbook on NGO Laws (discussion draft 1997), p. 3

<sup>2</sup> NPI Resource Guide, Vol. 1, 1997 pp. 160-161

activity profitable and stimulating private philanthropy, government encourages the formation, strengthening and long-term sustainability of local CSOs

2      **Freedom of Association** An essential condition for the emergence and development of effective NGOs and a dynamic civil society is a legal framework that guarantees free association and assembly. The right to free association, including the formation of NGOs and intermediate associations, is one of the pillars on which society's entire legal and regulatory structure rests and is a key freedom guaranteed by extant international law.

3      **Adoption and Enforcement of Appropriate Laws and Regulations** Though laws affecting associational life may be favorable for NGO growth and development, such laws and administrative rules may not be enforced in an even-handed manner at the national or local level. Lax enforcement and oversight or differentiated application can render constitutional rights hollow. Very bureaucratic, centralized governance traditions may also inhibit the vitality and influence of the NGO sector. NGOs require a specialized and flexible regulatory structure to thrive. This may include special tax codes, registration and incorporation laws, liability rules, codes of conduct and management. Opportunities for NGOs to form partnerships with groups outside the country should also be facilitated. Generally, NGOs are required to register with the central government in order to be officially recognized and accorded certain rights. In some countries, certain types of local or community-based associations must seek legal recognition from municipal officials. In either case, it is important that the process of acquiring legal recognition not be onerous, cumbersome, or expensive lest it impede NGO development. Some test of 'reasonableness' should be devised taking into account such factors as the number of steps required, length of process, cost, and degree of bureaucratic cooperation. In the Philippines, public policy encourages NGO development through simple registration procedures, the absence of project approval procedures, and legal recognition of the importance of NGOs in public deliberations. It is important to note that having good laws for NGOs is a necessary but not sufficient condition for the existence of a vibrant NGO sector. Of equal importance is that the laws be understood and fairly enforced.

4      **Supportive Tax Codes** The tax status of NGOs can be critically important for their ability to grow and to take on new roles and responsibilities. Charitable behavior and voluntary activities are encouraged when NGOs have tax exempt status and when citizens are permitted to deduct contributions to NGOs from their own taxes. Because philanthropic traditions and voluntary participation vary from society to society, it is not clear that favorable tax laws alone will stimulate behavioral change. Still, clear and equitable tax laws are needed before authentic empowerment of local NGOs can occur. For those NGOs involved in direct productive activities, such as agricultural production and marketing, it is also important that the tax code provide positive economic incentives. Moreover, it is important that local NGOs have the same, or more favorable, tax status as that of international NGOs.

5      **Freedom of Press and Expression** NGOs and other civil society organizations are much more likely to prosper in a setting where there is a free flow of information and broad parameters for public discourse. An unfettered and independent media is the linchpin and key.

indicator of informational freedom. This is particularly true for human rights and advocacy groups.

The importance of NGO self-regulation should not be overlooked in discussions of the NGO enabling environment. Proactive efforts of self-regulation can stave off government attempts at repression of NGO activity. In order to strengthen the sector's effectiveness and integrity,

umbrella organizations or other consortia of NGOs can adopt and enforce standards in the following areas:

**internal governance**

**organizational integrity**

**management practices and human resources**

**finances**

**communications to the public**

**fundraising**

**programs**

Some of the most comprehensive efforts to address the legal enabling environment for NGOs have been undertaken by the ENI Bureau through their work with the International Center for Not-for-Profit Law. Through the Democracy Network activities, ICNL has worked collaboratively with missions, NGOs, and governments to facilitate the development of supportive policies and legislation regarding NGOs and related tax and fiscal regulation. An example of successful work by ICNL can be found in Estonia, where the NGO status laws were extremely restrictive, providing little legal space for the creation or operation of NGOs. In response, ICNL provided technical assistance to a working group comprised of ministry officials, Members of Parliament, and NGO leaders, which led directly to the drafting of a progressive Law on Foundations. Revealing sustainable in-country capacity, the Ministry of Justice on its own initiative then drafted a companion law governing associations. Both drafts were passed in December 1995. They serve as models not only in Central and Eastern Europe, but also in places as diverse as Vietnam and West Bank/Gaza. The contribution of ICNL/USAID was explicitly recognized by the Estonian Minister of Justice and the Acting Chancellor of the Government.

In Macedonia, ICNL provided technical assistance and promoted citizen participation in the drafting of a new NGO law. As a result, the Macedonian government recently selected the draft as one of its six "priority" laws for passage this year. In Hungary, ICNL co-sponsored town meetings around the country to discuss a draft NGO law. The collaborative process resulted in an extremely well-drafted, comprehensive NGO law that is now on the Parliamentary agenda. In Albania, during the height of the recent crisis, President Berisha proposed a restrictive licensing law to curtail NGO activities. In conjunction with one of the DemNet in-country grantees and with the assistance of the US Ambassador and the USAID Representative in Albania, ICNL was able to hold a seminar in Budapest for the Albanian ministry drafters and select NGO representatives. As a result, the ministry liberalized the draft.

ICNL has also helped to address fiscal and tax policies related to NGOs. ICNL has provided technical assistance on profit/income tax exemptions for NGOs, income tax deductions or credits for donations, and the taxation of economic activities. ICNL has also provided technical assistance on legal issues relating to the value added tax (VAT), customs duties, procurement, endowments, and common investment funds for small foundations. In addition, ICNL projects have addressed the legal framework for local government-NGO partnerships and the laws governing the provision of social services by NGOs.

To strengthen the implementation of supportive legislation, ICNL has trained judges and prosecutors involved with NGO registration in Bulgaria, using progressive Bulgarian judges to educate their peers. To promote fiscal reform, ICNL has arranged for a high-ranking official of the Internal Revenue Service to work on NGO tax issues with a counterpart at the Czech Ministry of Finance. ICNL has also provided training and technical assistance to Estonian Ministry of Finance officials, who, as a result, issued a decree liberalizing the tax treatment of NGOs. Finally, ICNL provided substantive, technical assistance to a campaign that defeated a restrictive interpretation of tax laws affecting NGOs in Poland.

In Madagascar, the USAID-supported KEPEN Program identified the old 1963 NGO law as an impediment to strengthening local NGOs as effective partners in local natural resource management. USAID/Madagascar supported local NGOs in their efforts to engage the Government of Madagascar (GOM) in a dialogue about improving the NGO law. This dialogue resulted in a decision to develop a new law instead of revising the existing law. The Mission provided a technical support to the NGO community to complete an analysis of the legislation and to elaborate a draft new NGO legislation. Then one national and a series of six regional workshops were organized to present and discuss the draft legislation. Based on the results of these workshops, the NGO community finalized the draft new NGO legislation and submitted it to the GOM for approval. The new law establishes rights as well as accountability for NGOs to receive public and private grants, bequest and charge fees for services, lease and hold property, establish partnership or contractual agreements with governmental or private entities. The GOM approved the draft law and submitted it to the National Assembly who in turn, passed it as the Malagasy NGO law.

Since 1995, the USAID mission in Indonesia has assisted NGOs through the "Supporting Democratic Initiatives" Project. The primary objective of this project is to help local NGOs develop skills in policy change, rule of law, and advocacy. Through umbrella mechanisms, the Mission provides funds to mature Indonesian NGOs and three US PVOs to provide grants to emerging, indigenous organizations. These nascent NGOs then promote constituency building and policy reform in sector specific areas so that they can support democratic change and transparency. By building advocacy skills within the NGO sector, the Mission is taking the initial step toward addressing issues related to the enabling environment for NGOs in Indonesia. The project monitors public awareness of the issues being advocated as well as actual impacts on policy.

#### D Institutionalization of Local NGOs/Support of Exit Strategies

Many international NGOs increasingly realize that true sustainability of their work involves shifting their governance, management, and financing to local NGOs together with donor institutions, they believe that sustainable development programs depend on exit strategies, i.e., the carefully planned and phased hand-off of international programs to locally managed, independent NGOs. The design and implementation of sustainable local programs has taken on growing importance with the increased capacity of local NGOs and community institutions to responsibly carry out their own development programs, as well as recent reductions in public funding for international development assistance. There is increasing recognition of the necessity and desirability of incorporating exit strategies as an integral component of NGO capacity-building.

The USAID-funded Private Rural Initiatives Project (PRIP) in Bangladesh, managed by Pact, offers an example of the institutionalization of an exit strategy into the program planning and design process. From 1988 to 1997 USAID/Bangladesh funded Pact under a Cooperative Agreement to manage the PRIP project, to build capacity within the NGO sector in Bangladesh. As the project evolved, its design was revised to embody an exit strategy for transition of the Pact/PRIP program into a locally governed and managed Bangladeshi organization. In 1995 Pact formally transferred management of the PRIP project to the newly formed PRIP Trust. While the complex transition process is still unfolding, the Bangladesh experience offers a useful example for the broader NGO and donor community, and serves as one model for implementing an exit strategy. The Bangladesh exit strategy and process have been carefully documented as a case study in "Exit Strategies: Transitioning from International to Local NGO Leadership" (Richard Holloway, Pact Publications, 1997). The publication offers guidelines dealing with the basic requirements for pursuing successful exit strategies. It focuses on the topics of governance, leadership, legal identity, management, programming, budgeting and funding, including a synopsis of Pact Bangladesh experience related to each topic.

The Microenterprise Implementation Grant Program (IGP), part of USAID's Microenterprise Innovation Project, addresses institutionalization of NGO capacities within the microenterprise sector. The focus of the IGP is on the increased ability of local institutions to deliver financial and non-financial services on a sustainable basis and with expanding outreach. It is designed to expand microenterprise service provision by local institutions, particularly by increasing the financial viability of those institutions that provide financial services and the cost effectiveness of those institutions that provide other inputs. All supported activities have the explicit objective of sustained service delivery to microenterprises that results in the reduction and elimination of donor dependence by service providers. The IGP provides both start-up and expansion grants. A new modality, grants for technical development activities, are available to applicants with established capacity in microenterprise, but which need focused assistance to prepare local institutions for expansion, introduction of new products, or higher levels of financial independence. (Request for Applications, FY 1998 Microenterprise Implementation Grant Program, USAID Office of Microenterprise Development)

## E The GEM Approach

An innovative approach to organizational capacity-building -- the Global Excellence in Management Initiative (GEM) -- has been developed under a Cooperative Agreement between USAID's Office of Private and Voluntary Cooperation and Case Western Reserve University's Weatherhead School of Management. Since its start in the early 1990's, the GEM Initiative has significantly broadened its scope from an exclusive focus on U S PVOs to its current support for local NGOs and NGO coalitions around the world. Employing an "appreciative inquiry" methodology developed at Case Western, GEM offers a range of training programs, structured workshops, and consultant services to support institutional strengthening, partnership development, and cross-sectoral alliances. Each program can be customized, to support individual organizational needs and contexts. Strategic planning, consideration of future partnerships and alliances, and sharing of best practices are a major part of the programmatic focus.

The GEM Initiative's activities are three-fold: (1) promotion of organizational excellence within PVOs and NGOs, through a PVO and NGO Organizational Excellence Program designed to develop key organizational capacities, and a Certificate Program in Advanced Methods of Organization Development for individual PVO and NGO leaders, (2) creation of new forms of global cooperation, through a PVO and NGO Partnership Program which strengthens collaboration between U S PVOs and their NGO partners, and a Sector Organizational Alliance Program which mobilizes multiple organizations in a particular development sector to discover common values, trade best practices, share available resources, and develop plans for joint action, and (3) development of a capacity for continuous learning, adjustment, and innovation through a Global Change Innovation Network, which provides opportunities to share innovations, linking PVOs and NGOs with organizations that excel in a particular area, through a database of examples of PVO and NGO excellence. Over 60 U S PVOs, local NGOs, and NGO coalitions have participated to date in the GEM program. (See Global Social Innovations: A Journal of the GEM Initiative, Summer 1996 and Summer 1997, Weatherhead School of Management, Case Western Reserve University, GEM Rosslyn, Virginia office)

## F NGO Service Centers

Counterpart International has developed an "NGO Service Center" model that has proved effective in the former states of the Soviet Union -- Russia, the western region (Ukraine, Moldova, Belarus), and the Central Asian Republics (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan). The generalized service center model has been applied by others as well in Eastern and Central Europe. Service Centers are structured to provide a wide range of services tailored to the specific programmatic context:

- an information clearinghouse on NGOs, through creation/maintenance of detailed NGO databases accessible via e-mail and Internet, and through newsletters,
- grantmaking, including seed grants, partnership grants (to the local NGO), and corporate challenge grants (matching corporate contributions to local NGOs),

- training of trainers, both in-house and within local NGOs,
- training of NGOs
- mobilization of U S , European and other donor resources,
- mobilization of humanitarian assistance linked to NGO capacity-building,
- facilitation of networking and national/regional conferences and alliances,
- promotion of NGO coalitions to strengthen grassroots advocacy for legal and policy reform of the enabling environment,
- leveraging the support of volunteers through existing sources such as the International Executive Service Corps in the U S and its Canadian counterpart,
- leveraging the support of international NGOs where complementary inputs can maximize capacity-building impact within individual NGOs

Service centers often have a regional hub with satellite offices. Using this model, Counterpart becomes a partner with USAID in providing support to the NGO sector. To encourage the expansion and sustainability of local capacity building, and to avoid duplication, Counterpart staff work closely with local NGOs which themselves seek to become NGO support organizations. In these cases, Counterpart partners with the local NGOs, sharing complementary resources such as trainers, educational materials, databases, and computer stations for e-mail and Internet access. The goal is ultimately to localize country operations, putting mechanisms in place, such as staff training and development, that prepare local staff for eventual management of the service centers, and/or creating an alliance with another local NGO support organization. The newly formed entity would then become part of Counterpart's international affiliate network. (Counterpart Foundation, Washington, D C )

## G Umbrella Models

As USAID cooperation with PVOs and NGOs has increased over the past two decades, many Missions have used an "umbrella" approach for their expanded PVO/NGO support. Most commonly, an "umbrella project" is a funding, management, and support mechanism designed to deliver relatively small amounts of USAID funds to each of a number of organizations through one financial award to a lead organization. A cooperative agreement or contract is received from USAID for subsequent smaller subgrants to NGOs or PVOs for project implementation, with the lead organization responsible for administrative and technical assistance to subgrantees. The lead organization can be a PVO or local NGO, an association of PVOs or NGOs, or a contractor. Umbrella models have been used in a variety of forms by many USAID missions. While experience has varied, the umbrella mechanism has frequently proved an effective means to strengthen the capacity of local NGOs.

Using the umbrella mechanism, a mission can conceivably have direct funding arrangements with a number of PVOs/NGOs, and through them reach hundreds of local NGOs and grassroots community organizations. In Bangladesh, for example, USAID's Family Planning and Health Services project provided direct funding to five PVO/NGO organizations, which in turn supported 106 indigenous NGOs operating at over 300 project sites. USAID Bolivia's PROCOSI activity, started in 1988, offers a further example of an innovative umbrella approach.



with a strong capacity-building component. A Bolivian umbrella organization, PROCOSI consists of a network of 24 Bolivian and international NGOs involved in child survival and maternal health activities, which supports programs benefitting over 400,000 people primarily in isolated rural areas. The PROCOSI model has been extended to El Salvador and, more recently, to Zambia.

USAID has undertaken a number of studies and evaluations of the umbrella model. "Designs for Collaboration: A Study of PVO/NGO Umbrella Projects in Africa" (Otto and Drabek, DATEX, Inc., 1992) examines the track record of 13 USAID-supported PVO/NGO umbrella projects in Africa in order to document the diversity of approaches, to identify their successful and less successful aspects, and to provide the basis for developing strategies with regard to this funding mechanism. The study concludes that umbrella projects have proven to be a flexible mechanism for enlarging PVO/NGO operations, improving those agencies' capacities, and opening possibilities for USAID involvement with beneficiary groups not easily reached by other programming approaches. It emphasizes that design and inter-organizational collaboration are two aspects crucial to the success of umbrella programs, including investment in local institution building.

More recently, a study by USAID's Center for Development Information and Evaluation assessed USAID experience with the umbrella funding mechanism as part of a broader management study of USAID-supported PVO/NGO activities ("Strengthening the Public-Private Partnership: An Assessment of USAID's Management of PVO and NGO Activities", USAID Program and Operations Assessment Report No. 13, 1996). Among its findings was the increasing importance of capacity building of subgrantees as a part of umbrella activities, both in traditional developing countries as well as in the newly emerging democracies which have begun only recently to develop or restore the institutions of civil society. The study noted that a primary advantage of umbrella models for NGO subgrantees is the opportunity for networking and institutional strengthening, with assistance from the lead organization.

## H Consortia

The formation and promotion of consortia and strategic alliances has offered USAID an effective way to support NGO capacity-building, particularly where programs with capacity-building objectives involve a broad sector or the NGO sector as a whole, as is often the case in emerging democracies or transitional societies. Consortia have many of the same characteristics and functions as umbrella programs, but the umbrella model usually involves a single lead organization working with and managing funding to a large number of local subgrantee organizations, while a consortium normally will comprise a group of U.S. PVOs, with one in the lead role and others carrying out specific sectoral or subsectoral roles with local NGOs and community-based organizations. Properly structured and managed, consortia can maximize the impact on NGO capacity-building through synergistic collaboration among the partners. Consortia also allow for accessing the expertise of U.S. NGOs/PVOs who may not have a long track record in managing USAID-funded programs. The multiple partners in a consortium additionally can maximize the leveraging of donor and constituency resources within a given

program In 1994, for example, USAID awarded a cooperative agreement to Save the Children (SAVE) to lead a consortium of U S nonprofits to implement a Civic Initiatives Program for Democratic and Economic Reform in Russia ("CIP") The consortium consists of five U S organizations -- SAVE, Counterpart, The Center for Democracy, the Education Development Center, and the Institute for Policy Studies of Johns Hopkins University Each organization brings specialized technical expertise to the program, while SAVE provides overall program management and coordination CIP's goal is to support the creation of a diverse, self-sufficient nonprofit sector to facilitate the emergence of a strong civil society in Russia

For consortia to work well, mutual commitment and trust are essential from the start, as in all partner relationships Further, the overall management approach must be flexible enough to accommodate the often differing individual styles of the partners Frequent field-based and periodic headquarters-based meetings among the partners are necessary to identify and resolve issues in a timely way, along with other active forms that promote ongoing communication such as e-mail, bulletins and newsletters Less formal strategic alliances with other organizations also enhance the effectiveness of consortia, and can be useful in promoting the interests of particular sectors or subsectors, as well as helping to leverage support

A variation on the consortium model that has been used by USAID to support the strengthening of civil society institutions is the "Indefinite Quantity Contract" (IQC) mechanism, which makes available to field missions the services of multiple partners to carry out capacity-building activities around the world on an as-needed basis An example is the Democracy and Governance IQC managed by World Learning, which offers rapid response assistance to support civil society programs in institutional capacity-building, including assistance and training in advocacy and policy reform, as well as conferencing, networking, and exchange of experience between and among indigenous, U S , and international civil society organizations IQC partner organizations include five U S PVOs and NGOs, along with a larger number of resource organizations with expertise in specific focus areas, and network affiliates with ties to regional and grassroots organizations around the world

## I Endowments and Local Foundations

An endowment is a fund that has been set aside for a specific purpose Generally, endowments are designed to disburse only the income from the assets, the principal of the fund remains intact and invested Endowments can serve both as vehicles to form local grant-making foundations and as vehicles to build and sustain the capacity of specific NGOs to do development work, increasing their long-term stability and financial self-reliance Some endowments cover all operating costs of NGOs, others provide only enough income to cover core administrative costs, with the expectation that income for operating programs will come from additional project grants In both cases, the endowment increases the local organizations' sustainability and allows it to make long-term decisions on staff development, program strategies, and policy reform Endowments are cited as offering a number of advantages to specific NGOs as an assistance instrumentality

- providing a secure funding source for an organization, thus helping it move to financial sustainability, and insulating it from donor agency budget fluctuations,
- supporting local capacity building, by helping an NGO expand its financial management, programmatic, and fund-raising capabilities,
- expanding sectoral support, by broadening the funding base where long-term commitment is necessary for sustained impact, e g , in the environment,
- developing civil society, through encouraging the participation of NGOs and community organizations in development,
- encouraging local philanthropy, particularly in countries where philanthropic traditions are not well established,
- leveraging other sources of funds from local sources as well as external donors

USAID has had substantial experience with endowments, particularly in the past decade. Because of legislative restrictions, most pre-1990 USAID endowments were financed with host-country owned local currency. However, the U S government now can directly grant appropriated dollars for an endowment. A recent study by USAID's Center for Development Information and Evaluation (CDIE) identified about 35 endowments funded directly by USAID, including nine funded with dollar appropriations and the rest with local currency. Most of the USAID endowments are for activities in the environment and agriculture, and the largest number are located in Latin America and the Caribbean. The CDIE study examines at some length USAID experience in establishing endowments, providing an overview of the types funded and describing each of the USAID-funded endowments. (USAID Center for Development Information and Evaluation, Working Paper No. 221, July 1996)

Where the objective was to support local grant-making foundations, a new organization has sometimes been established to house an endowment. In these cases, USAID usually has provided considerable capacity-building assistance to prepare the foundation to manage the endowment funds and its grant-making programs. For example, in Mexico USAID provided \$19.5 million to establish an endowment for an environmental grant-making foundation, the Mexican Fund for the Conservation of Nature (FMCN). The endowment will enable FMCN to finance biodiversity grants to Mexican NGOs for projects involving conservation of ecosystems and species, sustainable use of natural resources, and capacity building and environmental education. As a prelude to establishing the endowment, USAID provided a separate grant to the Mexican NGO PRONATURA to strengthen the capacity of the new NGO to manage the endowment and to train Mexican organizations in grant writing and project conceptualization to prepare them for participation in the FMCN program. (Mexican Nature Conservation Fund, Project No. 523-4007)

## J Vouchers

USAID has recently developed and field-tested a new tool involving the use of research vouchers as a way to support NGOs and foster their participation in projects. Development of the research voucher methodology drew on the observation that many local NGOs and community based organizations which lacked the technical, analytical, and financial reporting skills to realize their

full potential were located in many of the same cities and regions as technical institutions capable of meeting their needs. However, few of the technical institutions engaged in partnerships with local NGOs. Recognizing both the needs and opportunities this presented, USAID's Office of Environment and Urban Programs developed the concept of supporting NGO activities through these local institutions. USAID established a voucher program in which certificates redeemable for a specified level of technical assistance from local technical institutions were distributed to interested NGOs and community based organizations. When the assistance was completed, the NGO paid the institution with the voucher, which in turn returned it to USAID or its intermediary for payment. In this way the administrative burden of accounting and reporting falls on the technical institution, while the NGO monitors progress of the activity being supported and insures its relevance to the NGO's agenda and needs.

The voucher concept was pilot tested in 1995-96 by USAID/India's Regional Housing and Urban Development Office (RHUDO) in Ahmedabad, a city with a large number of active NGOs as well as a number of India's top academic and technical institutions. To provide local management assistance, RHUDO entered into an agreement with an Ahmedabad foundation, the Center for Environment Education (CEE), to act as local manager for the program. Over an 18 month period CEE awarded a total of seven vouchers to support technical assistance on a wide variety of urban environmental issues. In addition to assisting the specific projects covered by the vouchers, the pilot project also resulted in linkages between many of the local NGOs and research organizations, some of which led to new joint activities. Many NGOs and community organizations gained valuable experience in how to identify their needs, how to articulate them, and how to better utilize the results of research. The "voucher" concept thus appears to offer an innovative option for incorporating small NGOs into larger projects or as a component of overall NGO strengthening. (Office of Environment and Urban Programs, USAID Global Bureau)

#### IV USAID-SUPPORTED ASSESSMENT TOOLS FOR NGO CAPACITY-BUILDING

Assessment of organizational effectiveness is a critical component of NGO capacity-building. It is a necessary first step for understanding NGO capacity-building needs, for establishing benchmark indicators to measure and evaluate progress, and to guide program design and modification throughout the period of program implementation. While capacity-building is a highly individualized process, grounded in local reality and specific organizational needs, certain core competencies are recognized as common to all capable organizations regardless of sector or organizational context. As part of a capacity-building effort, all organizations should collaboratively identify a program to chart where they are currently, where they want to be, how they will get there, and how they will know when they have achieved their goal. Assessment tools and methodologies can focus on partnerships as well as individual organizations. In recent years, USAID has supported intensive research into, and the development of innovative tools and methodologies for, assessing organizational capacity.

USAID's New Partnerships Initiative (NPI) offers a set of capacity assessment tools that suggest the form and components that an organization could take at various stages of its development (NPI Resource Guide, Volume 1, USAID, 1997). These tools categorize organizations into distinct stages of development according to their competence in each of several key areas of organizational effectiveness. The NPI model recognizes that there is no organizational ideal, that capacity-building is an ongoing, incremental, individualized, and non-linear process.

The five assessment tools presented by NPI are designed to help USAID missions carry out what are likely to be the most frequently occurring tasks associated with organizational capacity-building.

- (1) Selecting organizations or partnerships to receive capacity-building assistance. This tool offers procedures for assessing and selecting organizations for support, it evaluates organizations by four criteria: fit, program attractiveness, coverage exclusivity, and competitive advantage.
- (2) Assessing the current capacity of an organization. This tool provides (a) procedures for assessing organizational capacity, and (b) a process through which relevant, context-specific indicators can be developed in a collaborative manner. It includes seven areas of organizational competence, which are further broken down into specific subcomponents. For each subcomponent, criteria of organizational capacity or performance are developed in collaboration with staff from the organization that is being assessed.
- (3) Determining an organization's readiness to engage in strategic planning, including entering into partnerships. The strategic planning checklist offered by this tool is designed to help an organization plan for training and technical assistance useful in overcoming obstacles to partnering.
- (4) Designing capacity-building training opportunities. This tool, a decision-making matrix, focuses on the tasks associated with the design and management of training programs in support of capacity-building. It contains a list of major decisions to be made in designing and implementing training programs, suggesting options with respect to each, and offering guiding principles for selection among options.
- (5) Designing technical assistance programs for capacity-building. Similar to the preceding matrix, this tool lists major decisions that have to be made in designing and implementing a capacity-building technical assistance program, suggests options and offers guidelines for choice.

One of the organizations at the forefront in developing tools for assessing NGO capacity, Pact, has refined a methodology – Organizational Capacity Assessment (OCA) – that has been applied to several USAID-supported field programs targeted to building the NGO sector, e.g., in Ethiopia and Botswana. USAID's NPI Assessment Model incorporates the OCA tool in large part. OCA recognizes that in order to be effective, an institution has to have certain components or management functions performing at certain agreed-upon standards, and that each of the components may reach these standards at different times. It identifies seven aspects of organizational effectiveness: governance, management practices, human resources, financial resources, service delivery, external relations, and sustainability. It breaks each of these functional categories into subcomponents. OCA further identifies four stages of NGO

development – nascent, emerging, expanding, and mature – each of which has its own characteristics or indicators that can be translated into measurable standards. The steps or appropriate interventions to be taken to improve the level of functioning of any aspect of an organization will vary according to its stage of development and depend on the agreed-upon standards of performance for that stage of development. Through a highly participatory process, responses to a series of questions are scored and an organizational capacity profile is generated, either with a paper-based system, or utilizing a companion software program.

Information collected with the OCA Tool can be used in a variety of ways:

- as a diagnostic instrument, to determine the stage of organizational development of an NGO, to indicate specific changes needed to strengthen it, and to provide management, staff and partners of the NGO with the basis for improving the functioning of the organization
- to establish a baseline measure of the existing structure and capability of an NGO
- to monitor and evaluate progress toward the NGO's organizational development objectives at regular intervals
- as an educational tool for NGO members and staff about the components and attributes of an effective NGO, and to provide a framework for follow-up to an assessment
- to help create a strong and shared commitment to change within the NGO
- to assess the training/technical assistance needs of the NGO's staff
- to complement financial audit and program impact reports by providing a comprehensive evaluation of an NGO's viability, potential for growth, or capacity for partnership
- as the basis for design of improved systems and procedures

A Pact handbook describes the OCA tool in detail, including ways in which the assessment process can be carried out, how to analyze the OCA information, and sample assessment results and reports. (Assessing Organizational Capacity Through Participatory Monitoring and Evaluation, Booth and Morin, Pact, 1996)

Building on the OCA base, Pact and the Education Development Center, Inc. have recently developed, with USAID support, a new assessment instrument – the Discussion-Oriented Self Assessment (DOSA) tool – designed to be utilized with a cohort of U.S. PVOs/NGOs, both to promote organizational learning and capacity-building within the PVO community and to enable USAID's Office of Private and Voluntary Cooperation to measure its own capacity-building impact through its PVO support programs. (DOSA Webpage, [www.edc.org/INT/CapDev/dosapage.htm](http://www.edc.org/INT/CapDev/dosapage.htm))

Other U.S. PVOs have developed their own methodologies for assessing NGO organizational capacity, many of which share substantial points of convergence and others tailored to the particular organizational and philosophical contexts in which they operate. For example, the Christian Reformed World Relief Committee, as part of its USAID-supported project on partnering and organizational capacity in collaboration with Case Western Reserve University, identified four regional capacity assessment tools, each representing the work of partner organizations in different parts of the world (East Africa, West Africa, Asia, Latin America).

Though all four share common values, each reflects the region's particular cultural norms and processes, and illustrates how partner organizations can design their own capacity indicators. One result of this collaborative activity was CRWRC's design of a revised capacity assessment system for its own use, and embracing the capacity assessment tools of its partner organizations (Partnering to Build and Measure Organizational Capacity, CRWRC, Grant Rapids, MI, 1997)

A different kind of NGO assessment tool – the NGO sustainability index – has been developed by USAID's Bureau for Europe and the New Independent States (ENI). The purpose of the index is to gauge the strength of the NGO sector as a whole in the transition societies of East Central Europe and the former Soviet states. It enables comparison of progress across countries as well as comparison of trends and identification of problems across the region, thus strengthening USAID's ability to judge performance as well as to justify and plan future programming.

Using a rating system and accompanying narrative, the sustainability index analyzes five aspects of each country's NGO sector:

- the legal environment, which dictates what NGOs are allowed to do, including the ease of registration, the legal rights and conditions regulating NGOs, and the degree to which taxation, procurement, information and other laws and regulations benefit or deter NGOs' effectiveness and viability
- organizational capacity, which determines what NGOs are able to do, including whether there is an indigenous infrastructure to support NGOs, and whether a core group of NGOs exists with well-developed structures and capacity
- financial viability, including the state of the economy, the extent to which philanthropy and volunteerism are nurtured in the local culture, and the extent to which government procurement opportunities are being developed
- advocacy, which looks at NGOs' track record in influencing public policy, including the extent to which coalitions of NGOs have formed around issues and the extent of freedom from fear of persecution
- public image, including the extent and nature of the media's coverage of NGOs, the awareness and willingness of governmental officials to engage NGOs, and the general public's perceptions of the NGO sector as a whole

For each of the five aspects of the NGO sector, three generic stages of development are described. For each country, each aspect is numerically rated according to its stage of development, accompanied by an explanatory narrative. Taking each of these factors into consideration, the country's NGO sector as a whole is rated and substantively described (NGO Sustainability Index, ENI Bureau Office of Democracy, Governance and Social Reform, 1997)

## V REGIONAL EXAMPLES OF USAID-SUPPORTED CAPACITY-BUILDING

USAID has supported NGO capacity-building in a wide variety of ways and through a plethora

of activities over the past two decades. This section briefly summarizes examples of such support in each of USAID's four geographic regions. Illustrations of NGO capacity-building efforts are drawn from reports of pilot missions participating in the New Partnerships Initiative (NPI), from interviews with, and documents gathered from, informed sources in USAID/Washington and the U.S. PVO community, and from the research and reference database of USAID's Center for Development Information and Evaluation.

## AFRICA

In most African states, the post-Independence legacy has been one of extremely centralized, one-party states. With several notable exceptions (e.g., Kenya and South Africa, which have many active NGOs), most African nations are characterized by small and institutionally weak nongovernmental sectors. In recent years, this situation has been changing rapidly in a number of countries as more pluralistic modes of governance have been accepted and pursued. Many national leaders and development planners now realize that top-down, nation-level development and reconstruction programs may not be the most appropriate models. At the same time, there is a wide range of African institutions not previously associated with formal development processes. These include a multitude of membership-based organizations and a variety of community self-help organizations and social movements. In an increasingly pluralistic political environment, these organizations have greater opportunity to participate in public fora and to play a role in defining the content and direction of local development. Over the past decade, USAID has worked intensively with and through the African NGO sector, consistent with the exponential growth in the number and potential roles of African NGOs. Programs in health, education, and natural resource management have been particularly notable. Capacity-building support has been a key component of USAID programming.

A good example of USAID support for sector-focused capacity building is the PVO-NGO/Natural Resources Management Support (NRMS) Project, managed by a consortium of three U.S. PVOs – World Learning, CARE, and World Wildlife Fund. Through core funding from USAID, the Project worked with NGO consortia in sub-Saharan Africa from 1989-95. Cameroon, Madagascar, Mali, and Uganda were the focal countries for project activities, which also included special initiatives under a regional program. The purpose of the project was to strengthen the technical and organizational capacity of NGOs to design and implement both proven and innovative approaches to NRM, through technical assistance, training, information services, pilot and demonstration projects, and subproject mechanisms to support NRM activities. An *ex post facto* analytical assessment, prepared collaboratively by northern and southern NGO partners, offers detailed findings concerning the program's accomplishment and issues. The major conclusion is that in most African contexts, NGO capacity-building is an essential component of NRM programming. (Non-Governmental Organizations and Natural Resources Management Synthesis Assessment of Capacity-Building Issues in Africa, Michael Brown, World Wildlife Fund, Washington, D.C., 1996). An additional document of interest



produced by the project is “A Guide to Strengthening Non-Governmental Organization Effectiveness in Natural Resources Management” (Michael Brown and JoEllen McGann, editors, World Wildlife Fund, 1996) The Guide provides NGOs working in NRM with a broad and comprehensive overview of fundamental institutional and technical issues relevant to successful NRM work in Africa While the Guide focuses on Africa, its intent is to be generic and thus applicable to NGOs and donors in developing countries around the world

A study prepared for USAID’s Africa Bureau looks at capacity-building for NGOs in the health sector, with particular focus on lessons applicable to Sub-Saharan Africa It describes six projects for which capacity-building of local NGOs is either the main or a principal objective, including among others the Services for Health, Agriculture, Rural and Enterprise Development (SHARED) project, administered by World Learning, in Malawi, the PVO/NGO Support project, managed by the New Transcentury Foundation, in Senegal, and the PVO Cofinancing project, with Save the Children leading the child survival component The projects vary significantly in terms of approaches to implementation, but tend to use common strategies in working with local organizations, including assessment of the institutional strengths and needs of the organizations, support for strategic planning, support for monitoring and evaluating activities, training, and technical assistance The paper discusses key issues involving constraints and opportunities facing capacity-building projects (Capacity Building for NGOs in the Health Sector Lessons Learned for Sub-Saharan Africa, Hugh Waters, Support for Research and Analysis in Africa Project, Bureau for Africa, 1995)

USAID/Guinea offers a case study of USAID support for strengthening health-related NGOs Managed by Population Services International (PSI), the activity was designed to address the absence or weakness of health-oriented NGOs in Guinea, critical to the delivery of basic health care to the poor, by creating linkages between locally active NGOs and international ones with greater capacity With sustainability as a goal, PSI helped create a local NGO to eventually replace it as the primary contraceptive social marketing institution in Guinea, worked with a Guinean association to integrate family planning services into public sector health clinics, collaborated with a midwives association to improve family planning education at the community level, supported the local chapter of an NGO that carries out AIDS education, and worked with a number of other NGOs to promote information sharing (Strengthening Health NGOs An NPI Case Study in Capacity Building and Partnerships, NPI Resource Guide, 1997, Population Services, Intl , Washington, D C )

The World Health Organization’s Global Program on AIDS sponsored a consultation which looked at the role of the umbrella mechanism in strengthening NGO HIV/AIDS initiatives The purpose of the consultation was to examine and consolidate existing knowledge and experience about umbrella initiatives for HIV/AIDS prevention and care, to extract lessons learned, and formulate guidance for countries, donors and the NGO community Nine umbrella initiatives from eight countries in Africa and Asia were represented, including USAID-supported programs in Uganda, Tanzania, and Indonesia The consultation identified common core characteristics shared by the country-specific umbrella designs, including their role in strengthening the organizational capacity of partners, and in strengthening collaborative linkages between actors,

and makes overall recommendations involving the use of the umbrella mechanism in HIV/AIDS programming (Consultation on Strengthening NGO HIV/AIDS Umbrella Initiatives, Final Report, WHO, Geneva, 1995)

One of the USAID programs examined in the WHO consultation, the Uganda AIDS Prevention and Control Project (APCP) managed by World Learning, supported a variety of education and support activities through subgrants to international and local NGOs, through working with the Ugandan government, and through research initiatives. Managing the APCP subgrant fund, World Learning worked closely with subgrantees on project design and implementation, financial and program reporting, fundraising and other management skills to help develop longer-term institutional and program viability. Several World Learning case studies describe the types of support provided to the local organizations, including specific capacity-building contributions (Case Study, The Uganda AIDS Prevention and Control Project, World Learning, Washington, D C ,1996)

USAID/Kenya offers a further example of USAID support for African NGO capacity-building in the health sector. With a major decrease in the level of USAID funding for Kenya's health and population sector, the USAID mission shifted its strategy to place special attention on institutional capacity-building and financial sustainability. Building the capacity of Kenyan NGOs, in particular the Family Planning Association of Kenya (FPAK) became the priority. Working in close collaboration with FPAK, USAID engaged the services of a local firm to analyze FPAK's management structure, organizational strengths, financial status, and income-generating potential. The result was an action plan designed to enable FPAK to become less donor-dependent and donor-driven, and to operate in the future with a business approach to providing services. USAID increased the roles and responsibilities of an institutional contractor assigned to the Health Ministry to include technical assistance to FPAK to put into place the necessary financial systems, update organizational structures, and develop marketing plans (FPAK Building Local Capacity for Service Delivery, NPI Resource Guide, 1997, USAID/Nairobi)

The Benin Indigenous NGO Strengthening (BINGO) Project, begun in 1994, illustrates a country-specific program to strengthen the capacity of indigenous NGOs across a broad spectrum, to implement grassroots self-help activities and to serve as intermediary organizations in channeling and processing grassroots social demands. Implemented by Africare, the project includes management training of NGOs, networking and advocacy support, and support for grassroots development projects. It calls for Africare to train some 20 NGOs in financial management, project management, monitoring, backstopping, and evaluation, and computer skills, and to provide institutional support grants to 20-25 NGOs. Africare is to help NGOs to design and implement 15-25 responsive grassroots development activities each year for funding through the project, and others for support by outside sources. The project is designed to enhance NGOs' ability to process grassroots issues and serve as advocates for grassroots development, as well as promoting cooperative linkages between and among NGOs (Benin Indigenous NGO Strengthening Project, USAID Office of West and Central Africa, AFRICARE, Washington DC )

The partnership in Guinea between VITA, a U S PVO, and PRIDE, a Guinean NGO, demonstrates the impact of NGO capacity-building in the micro and small-scale enterprise sector Through USAID financing, PRIDE provided entrepreneurship training and microcredit to small groups of both rural and urban entrepreneurs beginning in 1991 VITA and PRIDE were successful in building, expanding, and sustaining microenterprises and small businesses, and in creating a self-sustaining indigenous NGO that responds to and represents the needs of its community By 1996, almost 11,000 loans had been provided to small entrepreneurs, the majority of them women, with a repayment rate close to 100% The partnership also planned and managed PRIDE's transition from a small, personal organization to a larger, more structured successor organization – the Union of Specialized Financial Institutions – based on well defined rules and procedures, in the process learning how to navigate and change the enabling environment for decentralized financial institutions The VITA-PRIDE partnership proved an effective means of increasing PRIDE's institutional capacity and creating a high level of community support for loan repayment and successful business practices by loan recipients (A Partnership for Meeting Micro and Small Producer Needs An NPI Case Study in Local Capacity Building, NPI Resource Guide, 1997, VITA, Arlington, VA )

The Kenya Rural Enterprise Program (K-REP) offers a striking example of NGO capacity-building in microenterprise K-REP, a local NGO that specializes in microenterprise finance, was established with USAID funding in 1984, to strengthen microenterprise credit programs and institutions and increase employment and income opportunities through loans, training, and technical assistance that facilitate microenterprise development Capacity-building support included staff training, research and development of new ways to promote small business, development of management information and tracking systems, design of monitoring and evaluation systems, funds for microenterprise lending, equipment, and establishment of a microenterprise information center K-REP has now reached the point of spinning off its credit program into a commercial bank, with USAID technical assistance to help insure the success of the transition, including upgrading the management information system, training senior management and other staff, and development of a capacity building unit and training materials on microfinance The transition of the K-REP credit program into a commercial bank replicates similar experience in other countries, particularly in Latin America, in the microenterprise sector (K-REP Building Local Capacity, NPI Resource Guide, 1997, USAID/Nairobi)

Strengthening of an indigenous community development association – the Nigerian Farmers Development Union (FADU) -- through the U S PVO Technoserve's USAID-supported program helped it to become the largest NGO in the country Technoserve's capacity-building activities focused on two areas the development and strengthening of service delivery capacity for enterprise development, and strengthening of institutional management capacity An institutional diagnosis of technical and managerial capacity was the first step, to determine capacity-building needs and to develop a package of technical assistance that both FADU and Technoserve agreed to With Technoserve strengthening, FADU grew from less than 1500 members and a staff of 4 to more than 280,000 members and more than 70 employees Its loan portfolio and savings grew dramatically Contractual and collaborative working relationships were established with a variety of international donors, and FADU developed the first

collaboration between a grassroots organization and the Nigerian Government (Farmers Development Union Nigeria, Technoserve, Norwalk, Connecticut)

The SAVEM (Sustainable Approaches to Viable Environmental Management) Project in Madagascar illustrates an approach to capacity-building for NGO environmental activities in a country where the NGO sector is still relatively underdeveloped. The SAVEM project is using community management approaches to help conserve biodiversity at six national parks in Madagascar. One of the project's primary objectives is to support the development of representative local NGOs by encouraging international NGOs to take a more pro-active stance in the identification, capacity-building, and sharing of management responsibilities with local NGOs. A parallel program provides training and technical assistance to local NGOs in strategic planning, project development, financial management, and technical skills. The U.S. PVO Pact created a planning team to design an action plan for an NGO capacity-building program within SAVEM. The objectives of the action plan are to identify and strengthen 25 local development and/or conservation NGOs or community organizations, increasing their program, financial, management and leadership skills, improving their understanding of community development and conservation strategies and approaches, developing a team of master trainers, and facilitating NGO access to potential funding sources. The program uses a range of PVO and NGO partners in carrying out its activities. It maintains an ongoing, interactive relationship with NGOs, rather than a formal bureaucratic relationship. SAVEM includes six large grants, administered by Pact, that team international conservation organizations (World Wildlife Fund, CARE, Conservation International, VITA, the State University of New York at Stonybrook, the Institute for the Conservation of Tropical Environments) with developmental NGOs to enhance participatory management of the protected areas. (LOVA Building Capacity of Environmental NGOs, NPI Resource Guide, 1997, Pact, Washington, D.C.)

The READ (Reaching Out with Education to Adults in Development) Project in Namibia, started in 1992 through a grant to the U.S. PVO World Education, offers an example of an NGO capacity-building program in the field of education. In keeping with USAID's strategy to use PVOs and local NGOs to address development needs in Namibia, READ was designed to provide a combination of grants, training, and technical assistance to NGOs to increase their capacity to deliver services and education to historically disadvantaged adults. The training component of the project places emphasis on fostering and strengthening the human and institutional capacity of local NGOs engaged in adult training and or civic advocacy across a wide range of sectors. The program includes several workshop series designed to increase both the technical skills and professional qualifications of NGO personnel, as well as enhance their ability to transfer these skills to others. Participants were drawn from the staff of approximately 40 NGOs and two government ministries, and most programs were designed and cofacilitated with NGO input. Building institutional capacity within the NGOs to implement these workshops in the future has been a central part of the overall implementation strategy. The READ Project also has supported the establishment of a national trainers network for Namibia, to help maintain, expand, and build on connections established during training between individuals and organizations involved in training in the country. (Training as a Development Tool, Cecelia

Otero, USAID Research and Reference Services, Center for Development Information and Evaluation, 1997)

The Group Pivot project in Mali illustrates a USAID activity designed to build the capacity of PVO/NGO service delivery networks and other collaborative PVO/NGO arrangements for working in partnership with the public sector. Created in 1993 with only 5 NGOs, the Child Survival Group Pivot now brings together more than 60 international and local NGOs involved in the health sector. These organizations are working in the areas of family planning, maternal and child health, community mobilization, and information/education/communications. USAID support aims to strengthen NGO initiatives, promote collaboration between the Ministry of Health and NGOs, and provide technical assistance to NGOs and associations in the development, implementation, and evaluation of health projects. A 1996 evaluation showed that the Group Pivot network had achieved impressive results in target areas, and was providing services to a substantial and increasing portion of the population. (Group Pivot, USAID/Mali)

USAID/Angola demonstrates how USAID uses the Indefinite Quantity Contract (IQC) mechanism to support NGO capacity-building. Through the Strengthening Civil Society IQC, USAID/Angola awarded World Learning a two year contract to assist in improving the enabling environment in which civil society organizations operate, and supporting their ability to engage both citizens and government in policy dialogue. Project activities include identifying potential partner organizations and responding to their training and technical assistance needs. Areas for capacity-building support include the regulatory environment, advocacy, civic and human rights education, media training and media regulatory environment, conflict prevention and mediation negotiation. A grant fund is available to support the most promising local organizations both to carry out activities and to build an adequate organizational infrastructure. (Democracy and Governance IQC Strengthening Civil Society, World Learning, Washington, D C , 1996)

South Africa offers a special example of USAID support for NGOs and community based organizations. The strength of its NGO sector is unique in Africa and unusual in the developing world. In the apartheid era, USAID assistance, directed to black South Africans, was provided entirely to and through NGOs and community groups. From 1986 to the early 1990s USAID assistance focused on community and leadership development, human rights, education, support for black private enterprise development, and housing. In the course of delivering this assistance, USAID developed extensive relations with South African NGOs and community groups. With the establishment of a new democratic majority-based government, the purposes of U S assistance changed, as did the role of NGO sector and its relationship with the government. In general, there has been a search for new ways to tap the capabilities of NGOs and community based organizations. USAID now places special emphasis on supporting sustainable roles for NGOs in South Africa, and on helping them work out viable relationships with the Government. USAID remains the most NGO-focused of the major donors, channeling a large share of its assistance resources through NGOs, either through direct grants or through bilateral agreements to meet needs identified by the Government. (USAID/South Africa Report, NPI Resource Guide, 1997)

Several Pact-administered programs illustrate USAID support for NGO capacity-building during the transitional period in South Africa. An NGO Strengthening Project, started in 1991, was designed to increase the leadership and management skills of black NGO leaders to enable them to shoulder responsibility at the local and national level, principally through extended organizational development training in strategic management and planning, project design, monitoring and evaluation, group and organizational behavior, and managing change. The program also offered strategically targeted grants and technical assistance in sectoral areas aimed at building the capacity of local groups to respond to development needs. A Black Entrepreneurship and Enterprise Support Facility, started in 1993, was aimed at generating income and employment through the development of small and microenterprise organizations generally, and strengthening existing small and microenterprise support organizations specifically. The project provided technical assistance and advisory services to increase the effectiveness and impact of key enterprise development organizations. Beginning in 1995, a Developing Grantmaking Capacities Project was designed to train South African NGOs in grantmaking, emphasizing contracting and project and financial management systems, with the ultimate goal of transferring grantmaking responsibilities from USAID to South African NGOs (Pact, Washington, D C )

## ASIA

The Asia region presents a picture of substantial diversity in the role, status, and evolution of NGOs and civil society organizations. USAID's role in support of NGO capacity-building has varied accordingly. Several countries have well-developed NGO sectors, the role and importance of which are widely recognized and accepted (e g , The Philippines and India). Others have less fully evolved NGO sectors, and less supportive enabling environments (e g , Indonesia). And some are transitional countries where the task of building a civil society framework remains at the most fundamental stage (e g , Cambodia). USAID's programs in a number of countries with the most evolved NGO sectors offer valuable experience in approaches to NGO capacity building. In the Philippines, for example, USAID has moved increasingly to a focus on coalition building of NGOs and community based organizations, seeking to promote collaboration among a wide variety of groups that have had little contact with USAID and one another in the past, and thus to enable participants to define common ground, identify feasible approaches, and move toward action. USAID/Sri Lanka and its partners have developed mechanisms to foster collaboration at the local level in the management of natural resources. USAID/India and USAID/Bangladesh have been active in the development and evolution of vibrant indigenous NGO support organizations that have played key roles in the development of the NGO sector as a whole, or in key developmental subsectors such as health and microenterprise.

USAID/Philippines offers one of the best examples of the evolution of USAID support for the NGO sector, with a strong focus on capacity-building of NGOs and community based organizations. A recent report describes the changing nature focus of USAID's work with Philippine NGOs over the past two decades, including lessons that may be more broadly

applicable to NGO capacity-building (Evolution of a PVO Co-Financing Program Lessons Learned at USAID/Philippines, L. Cripe and G. Perrier, USAID Office of Private and Voluntary Cooperation, 1997). In 1980, USAID/Philippines established a grants mechanism through which U.S. PVOs and local NGOs could directly receive funding to design and implement development projects. Since then, the Mission has funded four "Co-Finance" (Co-F1) programs. While each has had a different emphasis, an overall goal has been the institutional strengthening of NGOs.

Co-F1 I responded to the basic needs of disadvantaged sections of the Philippine population, Co-F1 II stressed building the capacity, especially of local NGOs, to engage in more diverse development activities, the major focus of Co-F1 III was on building the capacity of Intermediate Institutions (which provide funding, management oversight and technical support to smaller grassroots subgrantees) to more effectively service the rural areas of the Philippines, and Co-F1 IV encouraged popular participation in local decision-making and strengthening democratic institutions through coalition-building grants.

Since the Co-Financing program was established, the NGO sector in the Philippines has undergone significant growth and transformation, and is now one of the most sophisticated such sectors among the developing countries. The Mission found that investment in training has pay-offs for the entire NGO sector long after a grant ends. Through Co-F1 grants three NGO training centers have been established that now are themselves important sources of NGO strengthening. The Co-F1 program also provided valuable experience concerning financial sustainability, grantees are now pursuing a number of effective sustainability strategies.

Capiz Women, Inc. (CWI) offers a specific illustration of capacity-building success in the Philippines. Organized in 1990 in the province of Capiz, CWI today is a movement of 11,000 women from all walks of life who are now in the mainstream of development as advocates of grassroots democracy. Organized and guided by the Gerry Roxas Foundation with USAID support, CWI is a strong partner of local government units and NGOs. It has mobilized multi-sectoral alliances and coalitions in developing and sustaining advocacy and action programs in environment, health, nutrition, microenterprise credit, and local governance. As members of local development councils, CWI women serve as community watchdogs of local government construction projects. They are assisting an indigenous community to reclaim ancestral rights over their domain. Through participation in the Roxas Foundation's microlending program, CWI has begun a transition from borrower to owner and manager of a program to serve the credit needs of women microentrepreneurs.

USAID-Financed PVO Co-Financing Projects in the Philippines and Indonesia: Reshaping the Terms of PVO Collaboration (J. Cotter, Bureau of Asia and the Near East, 1988) offers a useful historical perspective on the characteristics, accomplishments, and issues regarding two of USAID's premier PVO co-financing programs after a decade of implementation. The Report begins with the recognition that the strengthening of local private institutions is a common contribution of all PVO co-financing projects to national development. It notes that this assistance permitted diverse interventions in multiple development sectors, and that it took a variety of forms of capacity-building support: grants to U.S. PVOs for capacity-building of

indigenous NGOs, grants to larger, more experienced indigenous NGOs for their operations, and grants to larger, more experienced indigenous NGOs for capacity-building of smaller indigenous NGOs. The Report assesses the role, evolution, and accomplishments of local NGOs in both countries, USAID funding of and accomplishments in the NGO sector, contextual issues involving local NGOs, challenges and issues regarding to the relationship between U S PVOs and local NGOs, and implications with respect to the mode and characteristics of USAID support

The EPOCH Project in Indonesia (Enabling Private Organizations to Combat HIV/AIDS) illustrates USAID-supported capacity- building in a health-related sector of rapidly increasing importance in recent years. A collaborative effort between Project Concern International, Pact, and a number of Indonesian NGOs, EPOCH integrated technical, organizational, and interorganizational capacity-building into the assistance provided to 10 Indonesian NGOs. The project's primary objective was to provide intensive institutional development and technical services to a group of NGOs in order to build NGO institutional capacity to undertake HIV/AIDS projects. This included direct support for and facilitation of the development of NGO HIV/AIDS interventions, policy advocacy for the formulation of informed policies and regulations that protect rights, skills enhancement for selected NGOs in designing, managing, evaluating, and documenting HIV/AIDS programs, and development of HIV/AIDS coalitions and networks at the local and national level. A related achievement was the establishment of one of the largest HIV/AIDS resource centers in Southeast Asia, housing over 2000 publications, including books, videos, journals, newsletters and reference sources

An article in AIDScaptions, a publication of USAID's AIDSCAP program (Capacity-Building for HIV/AIDS Prevention, L. Loughran, July 1995), citing the EPOCH Project, notes that capacity-building has moved up on the list of priorities in most HIV/AIDS prevention programs. In some cases, activities are woven into the day-to-day work of technically based initiatives, in others, programs are designed exclusively to meet capacity-building objectives. It notes that while formerly HIV/AIDS programs directed resources almost exclusively to transferring technical skills, there is a growing trend to link three areas under the banner of capacity-building for HIV/AIDS prevention: skill building for individuals within organizations, organizational development more broadly, and development of networks. It also discusses some special constraints involving capacity-building for HIV/AIDS prevention.

The Private Rural Initiatives Project (PRIP) in Bangladesh offers an interesting -- some say unique -- example of a program designed to strengthen the capacity of the NGO sector as a whole. As a strategy for reaching the large numbers of NGOs in Bangladesh, PRIP identified intermediary organizations as its immediate constituency, and the smaller development NGOs who implement projects as its indirect constituency. PRIP identified strategic sectors in which NGOs have a comparative advantage, built up a range of coalitions between the NGOs and between NGOs and other parties, built up the competencies of selected institutions, and provided services which would both develop the institutions and sustain them into the future. Finally, after demonstrating to the NGO sector the usefulness of an organization that pays attention specifically to NGO capacity, PRIP moved from being a time-limited project of a foreign NGO (the U S PVO Pact) to become a Bangladeshi NGO in its own right (the PRIP Trust). PRIP



operates at many levels within the Bangladesh nonprofit community as a donor directly supporting the activities of specific local organizations, as a catalyst, combining the talents and ideas of a variety of partners to affect outcomes on specific issues, as a leader, convening forums and networks, as a technical assistance resource, providing skills and support in management and organizational development, and as a think tank, developing new nonprofit strategies, encouraging the development of the role of nonprofits in policy advocacy, and in improving the national development agenda (Building the Sector How PRIP Helps to Build the NGO Capacity in Bangladesh, R Holloway, Pact, Washington, D C )

The Women Reading for Development (WORD) Project in Nepal demonstrates the impact of capacity-building in education at the local level, in a country with extremely high rates of adult and female illiteracy The adoption of a new democratic constitution resulted in a mushrooming in the number of Nepali self-help and people's organizations The WORD Project reflected the conviction that these organizations could play a major role in creating better social and economic conditions Implemented by Pact, the project spearheaded the largest literacy campaign ever undertaken in the country Working in partnership with over 900 NGOs, it called for training more than 600 trainers of trainers and 19,000 facilitators to teach literacy to 550,000 women and girls – many living in the remotest villages At the same time that the women and girls learned to read and write, the NGOs gained basic skills in project implementation, such as supervising staff, accounting for funds, and reporting on programs The project supervisory staff of each NGO participated along with classroom facilitators in a training workshop to ensure that learning at the village level reflected the participatory, awareness-raising and confidence-building objectives of the program Training materials developed by the project were also used by the Ministry of Education, UNICEF, and other international and local NGOs Of all women enrolled in the first two years of the program, over 75% completed the six-month program, and 80% passed the final exam Following the women's completion of literacy classes, NGOs were encouraged to link them to ongoing development programs in their areas In addition, to increase the income of participants, a business literacy curriculum was developed to facilitate their involvement in microenterprise activities (Pact, Washington, D C )

A recent Non-Governmental Organization Initiative in Pakistan, implemented by the Asia Foundation and the Aga Khan Foundation, seeks to strengthen NGOs' capacity to work with local communities to improve the delivery of education, health, and social welfare services The project emphasizes child survival, maternal health and family planning, and primary education, particularly for women A major portion of the Asia Foundation funding will be used for subgrants to mid-size NGOs which will, in turn, provide direct assistance to local communities and community-based organizations, for a total of approximately 60 NGO/CBO grants Funds will be utilized for grant management and administration, for technical support, training, and staff strengthening for subgrantees, and for program reviews and evaluations The Aga Khan Foundation grant will support, inter alia, an NGO Resource Center to strengthen local NGO capacity through training, networking, policy research, program analysis, and information dissemination (Pakistan NGO Initiatives Project, Bureau for Asia and the Near East)

The Natural Resources Environmental Practices (NAREP) Program in Sri Lanka offers an example of NGO capacity-building for biodiversity management USAID's grantee, the Asia

Foundation, identified a multi-ethnic Sri Lankan NGO as the most capable indigenous institution to facilitate the formation of a representative organization to manage the Community Based Resources Management component of the NAREP project in an area of the country designated for special protection. As a result of the NGO's capacity-building work with 60 local community-based organizations and eight school environmental clubs, a new Community Based Development and Environment Foundation was established. Linkage also was established with a Sri Lankan research institute with strong scientific expertise on which to base the community education efforts. As the new NGO grew stronger and broadened its base of community support, direct capacity-building assistance was phased down, and two women leaders from the community assumed the leadership role. Support for income generation, through assistance to strengthen existing and establish new micro- and small enterprises, is an important aspect of the NGO's work. The new NGO also provided technical assistance for the formation of Village Development Centers -- representing all the community based organizations in a village -- to handle local level planning, implementation, and monitoring. (Participation of Communities and Local Government in Biodiversity Management, NPI Resource Guide, USAID, 1997)

## LATIN AMERICA AND THE CARIBBEAN

While the Latin America and Caribbean (LAC) region offers varied country contexts for and examples of USAID-supported NGO capacity-building, the NGO sector for the region as a whole is relatively well developed in comparative terms. Countries such as Ecuador and Peru are at one end of the spectrum, with strong civil society institutions and active NGOs in most sectors. A favorable enabling environment and existing organizational capacities offer the NGO sector opportunity to develop the capacity of other less capable NGOs and community based organizations. This in turn strengthens participation by expanding the base of nongovernmental support for change and increasing the capacity for NGOs to provide services beyond the level the national government can support. Coalitions of NGOs are active in a number of sectors in the region, e.g., health and microenterprise. The NGO sector in many Central American and Caribbean countries, while less developed, has been the target of substantial USAID-supported capacity-building efforts, e.g., in El Salvador, Honduras, Guatemala, and the Dominican Republic. At the far end of the spectrum are the very basic capacity-building efforts in Haiti's fledgling civil society.

The LAC Regional Democracy Project provides an example of a region-wide program with a strong capacity-building component aimed at strengthening democratic, participatory institutions. Under this project, the Citizen Participation Program, carried out by the U.S. PVO Partners of the Americas, has emphasized the creation, expansion, and usage of networks to connect people at the community, national, regional and international levels. In addition to stimulating interest and awareness through information dissemination, the goal is to enable NGOs to broaden their base of public support, learn from the experience of others, locate and use resources more efficiently, and boost energy and creativity. The central task of the program is to

coordinate the Latin American Democracy Network. With USAID support, this project joins together five Latin American “founding member” NGOs that are leaders in democracy and governance, through a systematic and coordinated plan of action, to create, enrich, and expand a network of civic organizations working to strengthen citizen participation in the region. The Network plan calls for Partners and the founding NGOs – two from Argentina, one from Chile, one from Colombia, and one from Guatemala – to identify and recruit over 80 other NGOs which will eventually become formal members of the Network. The joint effort also promotes a variety of capacity-building activities including regional training workshops and seminars, fellowships, materials development, information exchange, organizational development, evaluation, and other forms of technical assistance. The “south-to-south” exchanges of knowledge, experience and materials are aimed at building the capacity of indigenous NGOs throughout Latin America and the Caribbean to support each other across borders. (Office of Regional Sustainable Development, Bureau for Latin America and the Caribbean, Partners of the Americas, Washington, D C )

PROCOSI in Bolivia offers another illustration of indigenous network-building, with important institutional-strengthening impact. Established in 1988, PROCOSI is a network of more than 25 PVOs and NGOs that implement both family planning/reproductive health and child survival projects in Bolivia. Its achievements include establishment of a major endowment fund sufficient to finance sub-grants and cover fixed costs over the long-term, productive collaboration among diverse NGOs, and a reputation among donors and within the Bolivian government that reflects its success in providing technical assistance and financial support to Bolivian NGOs. Increased coverage of the population has been a major achievement: the USAID mission estimated in 1996 that PROCOSI reached approximately 30% of the rural population. With respect to direct beneficiaries, against an original target population of 70,000, PROCOSI estimated in 1996 that it reached approximately 120,000 women of reproductive age, or roughly 10% of the women in this category. (USAID/Bolivia)

For many years, USAID/Ecuador has helped develop and/or supported a host of NGOs dedicated to addressing development problems. USAID has provided NGO capacity-building assistance across a spectrum of sectors including health/family planning, the environment, democracy, education, and housing. For example, with two local family planning NGOs a major effort at sustainability is underway. USAID has provided extensive technical assistance and operational research to strengthen their logistics and information systems, as well as promotional efforts for selling their services. Similarly, local NGOs are being trained through CARE and a USAID contractor (BASICS) in social marketing techniques. In the environment sector, The Nature Conservancy is working with a local NGO to strengthen the capabilities of a community based environmental association, and CARE is working with local NGOs to strengthen their research, technical and organizational capabilities. USAID also is working to strengthen the NGO sector to advocate for improvement in the quality of education through policy reforms that create the demand for structural change in the educational system. One partner, the Fundacion Ecuador, is a respected NGO comprising business leaders concerned about social issues. (NPI Resource Guide, USAID/Ecuador Final Report, 1997)

A regional program aimed at strengthening the capability of Central American NGOs to carry out HIV/AIDS prevention programs is being implemented by the Academy for Educational Development. The project objectives are three-fold: to improve the regional policy environment for HIV, to strengthen the capacity of NGOs to deliver programs for the prevention of AIDS and sexually transmitted diseases, and to promote individual behavioral changes via small grants to NGOs and universities. The NGO component calls for development of a regionally applicable package of technical assistance and training materials to increase NGOs' effectiveness in implementing HIV/STD programs and to increase their sustainability as viable organizations. Areas for assistance include management, information systems, fundraising, community participation in service design and delivery, educational materials, counseling protocols, testing/diagnosis, data collection and analysis, training and supervisory systems, operations research and evaluation methodologies, and advocacy and policy dialogue. Promotion of networking and information exchange among Central American NGOs and with U.S. NGOs is also included. (Regional Office for Central American Programs, Bureau for Latin America and the Caribbean, Academy for Educational Development, Washington, D.C.)

Strengthening Civil Society, a new project in Guatemala, seeks to strengthen the role of civil society organizations in formulating, implementing, and overseeing public policy at a critical juncture in the country's history, following signature of the peace accord ending decades of internal conflict. Through support for civic organizations of all types, USAID seeks to contribute to and help sustain the process of democratic reform. The project supports the efforts of these organizations to carry out programs that can influence public policy through civic education/outreach, advocacy, coalition-building, policy formulation and reform, and other means that allow for citizen participation in political processes. Assistance focuses primarily on improving the skills, resources and capacity of partner organizations, as part of an iterative, flexible programming process. In addition to program support grants and various complementary support activities targeted to civil society organizations, the project – implemented by a U.S. nonprofit – provides assistance in strategic planning, administration, financial and program management, resource mobilization, program design and implementation, and media skills. Anticipated results include, inter alia, increased effectiveness of the organizations in advocacy and monitoring of public policy issues, improved capacity in formulating public policy proposals, and strengthened capacity in strategic planning, administration, and other organizational skills. (Strengthening Civil Society, USAID/Guatemala)

An earlier small project in Guatemala – Rxim Tnament/Project Concern – offers an interesting example of localized NGO capacity-building in the health sector. For over two decades the U.S. PVO Project Concern (PCI), with USAID support, provided community based health services in a rural area of the country, using indigenous staff primarily. As Guatemala's internal conflict drew to an end, and with the prospect of diminished USAID support, PCI decided to organize its community health program into a local NGO called Rxim Tnament. Funding and decision-making were redirected, additional field staff were recruited and trained, and a local Board was

formed with full powers of decision-making. The program was successful in attracting private funds which, combined with locally generated service fees, made it self-sufficient for 1995/96. The local NGO has been able to expand its activities into rural communities and to broaden its functions to include family planning. It is currently the only indigenous program successfully delivering family planning services within its own community (Project Concern, San Diego, California).

A further example of U.S. PVO - local NGO mentoring is Project Global Village (PAG), in Honduras. Launched as an initiative by the U.S. PVO Mercy Corps, PAG was registered as an independent community development organization in 1984 to assist the rural poor. Capacity-building support provided by Mercy Corps included establishing strong institutional linkages which, combined with a long-term commitment between the two organizations, helped leverage additional local and international support, strengthening PAG's leadership through training and technical assistance, which enabled PAG to improve its planning, monitoring, and evaluation functions, and facilitating PAG's linkage to emerging technology, sector research and development, and external donors and consultants. As a result, PAG has directly helped more than 16,000 people in over 130 communities with soil and water conservation, community health, literacy, community infrastructure, and microenterprise interventions (Mercy Corps, Portland, Oregon).

The Salvadorean Environmental NGO Strengthening Project, implemented through a grant to the U.S. PVO Pan American Development Foundation (PADF), was designed to help fledgling Salvadorean NGOs become self-sustaining advocates for natural resource management. The original project plan called for selecting up to eight NGOs to receive subgrants for operational strengthening through improvements in strategic planning, management structures, workplan and budget preparation, board leadership, membership development, project implementation and specialized technical development. In addition, small grants were to be awarded for specific short-term projects to strengthen NGO capacities to plan and implement projects in areas such as forestry, soil conservation, biodiversity, and park management. Although the project was originally designed to work only with "subgrant NGOs", it was expanded to permit additional NGOs to participate in the training process, with significant organizational benefit to many of them. A final evaluation discusses project accomplishments, issues and lessons learned (S Stewart, Checchi and Co, 1995).

USAID/Nicaragua has supported NGO capacity building for the past five years. Through a contract with the Academy for Educational Development (AED), the Mission has financed in-country training programs, short and long-term technical training in the region and the United States, and logistical support for NGO participation in international conferences and study tours. AED has been training over 30 NGOs in-country in management skills, particularly financial management, strategic planning, fundraising, proposal writing, and other administrative areas. AED's offices in Managua have become a meeting place for NGOs to network, utilize the library, and consult with AED staff.

Many of the groups who have received support implement Mission activities through direct grants or subgrants, and the Mission has generally seen improved management and operational performance in its programs. The program will be coming to a close in June. However, since it has been so popular and these services are in such high demand, the same activities will be supported for all of the Mission's strategic objectives in the follow-on education program.

USAID/Dominican Republic has used a PVO co-financing mechanism (an umbrella model) for funding NGO activities. It has proved to be a very successful model for strengthening NGO partners and forming an excellent working relationship between NGOs, government agencies, and the communities where activities are implemented. *Entrena*, the local contractor implementing the project, begins working with NGOs at the pre-award survey stage, identifying their institutional weaknesses and strengthening them to the point where a grant can be awarded. Throughout the implementation of the grant activity, *Entrena* continues to provide technical assistance and training in all areas of institutional importance.

Perhaps the Mission's most important contribution, which is also the hardest to accept and implement, is requiring the NGOs to diversify their funding base to include local sources. Another important criteria is ample participation by the beneficiaries in all phases of an activity, which significantly contributes to grassroots democratization and decentralization. Upon termination of USAID financing, the NGOs are stronger and the majority of the activities financed under this umbrella project are still thriving. Many of the Mission's NGO activities have received local awards. It has done all of this with a Dominican staff and minimal international technical assistance. The Dominican government will apply this same mechanism under a new loan from the German Reconstruction Bank. This will serve to further demonstrate the utility of the model to effectively link the government, NGOs and communities in development activities that have a greater chance of sustainability and actively promote participatory democracy at the grassroots level.

USAID/Dominican Republic recently awarded a grant to the Small and Microenterprise Support Center (CAMPE), a local university-linked NGO established to provide training and technical assistance to small and microenterprises. To assist in developing performance indicators, USAID brought in a consultant under the Global Bureau's Weidemann MicroServe IQC. As the Mission will be phasing out of microenterprise activities at the end of this fiscal year, the sustainability of institutions receiving USAID assistance is of major concern. To measure CAMPE's progress toward sustainability, the consultant used an assessment tool--much like the OCA tool described in this report--to pinpoint CAMPE's institutional strengths and weaknesses. The assessment examined detailed aspects of governance, planning, operations, administration, monitoring and evaluation, the accounting system, financial controls and reporting, management and staff, computer capacity, and financial sustainability. The scoring of the assessment was highly participatory, allowing CAMPE to thoroughly consider its strengths and weaknesses, as well as the steps it needs to take to continue as a successful NGO.

As a follow-up to the assessment, the consultant worked with CAMPE to develop a detailed sustainability plan, along with a financial model that allows CAMPE to analyze "what-if" scenarios (e.g. how the cost of services increases/decreases as staff productivity increases/decreases). As a further benefit, CAMPE will use the sustainability assessment tool to help its partner NGOs identify their institutional strengths and weaknesses, and provide technical assistance to strengthen them.

A group of small of dedicated local NGOs was the first to confront the AIDS epidemic in the Dominican Republic, however, these NGOs were poorly organized, technically weak and completely dependent on donor funding. Consequently, under the AIDSCAP project, intensive training was provided to design and carry out quality prevention programs and to move toward greater financial sustainability. For that purpose, AIDSCAP sponsored 45 courses and workshops over a five year period, through which 1,352 individuals were trained in technical, programmatic and clinical areas. AIDSCAP also sponsored 44 consultancies-- using local and international experts--for some 20 different groups to transfer technology and

knowledge. In addition, AIDSCAP staff provided day-to-day individual training in office procedures and proposal writing as they worked together to develop projects.

NGO partnerships and coalitions provided for cross-fertilization among participant NGOs. AIDSCAP funded a consulting firm (the *Agencia Latinoamericana de Expertos en Planificacion H*, or ALEPH) to assist five key local NGOs in institutional strengthening and sustainability. Based on a situation analysis, the firm assisted each NGO in developing an implementation plan for capacity building and financial self-reliance, as well as an evaluation system to measure progress toward its objectives. A critical element was helping the organizations diversify their funding sources. A market plan was developed for each of the five NGOs. Their improved technical capacity was apparent during the recent review of proposals for subgrants under a new USAID HIV/AIDS activity. The proposals presented by these NGOs were the best conceptualized and most technically sound.

Through its Family Planning and Health Project, USAID/DR has been supporting four NGOs via an institutional contractor since 1993. Technical assistance has been provided thus far in the following areas: a) cost-accounting systems, b) strategic planning, c) calculation of overhead rates, d) development of sustainability plans, cost-recovery strategies and expanding the NGOs' funding base, e) development of marketing and business plans (community marketing and contraceptive social marketing), f) development of cost-effectiveness indicators, g) introduction of total quality management as a tool, and h) improvement of internal controls (e.g., norms, procedures, personnel policies).

The emphasis during the final two years of the project will be to use these systems to strengthen the institutions and prepare them to provide services beyond the life of the project. USAID hopes to position the NGOs to compete for eventual contracting of services by the Dominican

Government as well as to secure funding from other donors. Counterpart contributions for the project, which ranged from 15-34% in 1994, had increased to 29-68% by 1997, indicating that the NGOs are generating revenue and obtaining other funding sources to contribute to the project's goal.

## EUROPE AND THE NEW INDEPENDENT STATES

Overcoming the legacy of economic central planning and State/Party domination of all aspects of public life remains the paramount concern of contemporary reformers in the countries of Eastern Europe and the former Soviet Union. The completely underdeveloped nature of civil society in former communist states has led USAID to concentrate intensive NGO capacity-building efforts in most countries of the region, drawing on the talents of a highly educated population that has just begun to understand both the rights and the responsibilities that democracy confers. In addition to establishing a variety of resource centers to strengthen the capacity of local NGOs and community membership organizations, USAID has been instrumental in the formation of associations of various types with the dual goals of creating a stable of group of pro-reform lobbying organizations and to boost the prospects that innovative practices will be replicated on a country-wide basis. Such associations thus provide a critical link between strengthening local capacity and fostering a favorable enabling environment. Successful local government/NGO cooperation, fostered through capacity-building efforts, has begun to influence the thinking of central authorities, who have tended in the past to view civil society actors as either organizing to make demands on the State or seeking to usurp its power, rather than as useful service deliverers and instruments of development. Recognizing the interdependent relationship between the prevailing policy environment and the potential for collective action by civil society actors, USAID has supported devolution of political authority to the local level commensurate with its burgeoning responsibility, while still treating the State as a major player in shaping the evolution of the enabling environment. USAID's pressure to "graduate" countries of Eastern Europe and the former Soviet Union from U.S. assistance as rapidly as possible has led to a heavy emphasis on sustainability as a key aspect of NGO capacity-building.

The goal of the Civic Initiatives Program for Democratic and Economic Reform (CIP) is to build the capacity of the broad NGO sector in Russia. The program was established in 1994 as a consortium led by Save the Children (SAVE), with participation of the Education Development Center, Counterpart Foundation, the Center for Democracy, and the Johns Hopkins University/Institute for Policy Studies. The program's specific objectives are (1) to develop a target group of NGOs composed of participants in CIP grant and technical assistance programs who lead and manage themselves efficiently, act effectively on behalf of constituents, and serve as models for the NGO sector, (2) to improve the external operating environment for NGOs relating to the laws and regulations governing NGO action, public attitudes towards NGOs, and support from governmental and private sectors for NGO programs and activities, and (3) to



promote action-oriented networks of NGOs with members representing a broad, diverse constituency. Program activities are carried out in four regions through NGO resource centers, which serve as the primary focal point for identification of needs and delivery of program resources, including training, technical assistance, materials, and grants. The centers also disseminate information and organize conferences and workshops on topics of common interest to the NGO community. To respond to the evolving needs of the NGO sector, the CIP program was restructured in 1997 to streamline and decentralize its management structure, placing greater reliance on the expertise of regional resource centers and service providers. Among program accomplishments, NGO leaders in more than 50 cities have developed skills in project planning and management, the four resource centers are managing programs to support more than 2000 NGOs, broad-based NGO networks have been established in two regions, and networks of trainers, consultants, and evaluators have been established to serve design and implementation needs. (Save the Children, Westport, Conn.)

A recently concluded NGO-focused program in the former Soviet Union was the Private Voluntary Organizations' Initiative for the New Independent States (PVO/NIS), an umbrella project managed by World Learning. The goal was to enlist U.S. PVOs to strengthen the ability of local NGOs to deliver needed services. Grants to 42 U.S. PVOs supported partnerships with 62 local NGOs. At its outset in 1992, the project emphasized the delivery of humanitarian services to special at-risk groups. Its focus shifted after the first year to include organizational strengthening and sustainability. Activities included a 20-month long training program of conferences and seminars targeting specific themes central to the organizational development and strengthening of NIS NGOs, establishment of e-mail and computer networks as tools in creating and maintaining organizational links, publication of newsletters, reports on legal and regulatory issues affecting NGO development, training manuals and case studies, and other reference materials on NGO development, support of advocacy efforts by NIS NGOs to improve the enabling environment, and promotion of sustained partnership relationships beyond the grant period. (Final Report on the PVO/NIS Project, World Learning, Projects in International Development and Training, Washington, D.C.)

World Vision Relief and Development's USAID-supported work with two Russian nursing associations offers a highly specific example of a small but effective capacity-building effort at the community level. Prior to joining a partnership with World Vision, the Chita and Yekaterinburg Nursing Associations had no regional nursing standards and their membership was low. As a result of managerial training, networking, and the introduction of nursing standards through their American partner, both associations developed regional standards which offer a model at the federal level, and both have greatly increased their membership. Starting with 24 members, the Yekaterinburg Association now has 1,342. Both have developed into sustainable organizations that will continue to carry out their work in future years. (NPI Resource Guide, 1997, World Vision Relief and Development, Washington Office)

The Counterpart Consortium NGO Support Initiative for Central Asia provides a model of an overall effort to strengthen the NGO sector in five newly independent countries, with a lead U S PVO for overall management and broad-based support, and sub-agreements with three U S PVOs for support in specific sectors. The model has been flexible in its design in supporting about 15 different sectors through its seed grant program and partnership grants. The two major components of the project have been (1) to identify and organize a broad array of local NGOs, irrespective of area focus, providing them with generic and practical training, technical assistance, and small seed grants, and (2) to provide more intensive support to indigenous NGOs through U S /Central Asia Partnerships in three specific areas of importance to democratic, social and economic development. A smaller third component is designed to stimulate corporate giving to NGOs in Central Asia by setting up a pilot matching grant program. Through the training, grantmaking, and partnership development programs, some 1600 NGOs had received support in organizational management and advocacy, coalition-building, service delivery to vulnerable groups, and other NGO-related skills by the end of 1996. Regional offices were operating in four countries, each with a core of trainers providing both training and technical assistance to NGOs in their countries. A 1997 amendment extending the Central Asia Initiative reaffirmed support for the program's major components, while incorporating enhanced emphasis on strengthening NGOs' capacity to affect government laws and policies to enable them to better provide financially sustainable social and human services. Refined objectives – for which specific measurable results have been elaborated – include (1) develop and strengthen indigenous NGOs to provide social services, (2) develop and strengthen NGO advocacy skills and effectiveness, (3) improve the legal environment for NGOs, and (4) mobilize financial and human resources for NGOs. (1996 Annual Report, Counterpart International, Final Report Participatory Evaluation of the Counterpart Consortium Cooperative Agreement, Management Systems International, 1996)

The Democracy Network Program (DemNet) is USAID's NGO support program for Eastern Europe. It operates in 11 countries, and includes two regional programs, through separate cooperative agreements with nine U S PVOs. The Albania program, managed by the Organization for Educational Resources and Technological Training (ORT), offers training, technical assistance, and small grants to NGOs, and directly sponsors inter-NGO cooperation and networking through NGO service centers. In the Baltic States, a program managed by the U S - Baltic Foundation has targeted, through subgrants and training, a group of NGOs identified as a potential cadre to serve as regional models and to continue programs when USAID support ends.

The DemNet program in Bulgaria, managed by the Institute for Sustainable Communities (which also manages the program in Macedonia), has been an institutional stimulant to inter-NGO cooperation. Its training program provides services to over 80 organizations, and actively promotes information sharing and collaboration between NGOs on common initiatives. Small grants have focused on advocacy-oriented NGOs and on social welfare organizations. Training

and project activity needs are followed up with individualized consultant support to NGOs, e.g., in the field of strategic planning

An example of DemNet's work in the Czech Republic, administered by the Foundation for a Civil Society (also the Slovakia program manager), is its capacity-building workshop series, developed in response to the needs of more advanced groups funded by the program and the lack of specialized and comprehensive training of this type in-country. The long-term goal was to strengthen the sustainability of a target group of NGOs, who could serve as models and sources of expertise for other NGOs. To accomplish this, a series of intensive workshops, combining training sessions and individual consultations, focused on improving staff and Board skills, and on bringing about concrete organizational changes in five key areas: strategic planning, communication and negotiation skills, board development, diversification of funding, and volunteer and membership development. The DemNet Hungary program, managed by United Way International, is promoting direct cooperation between local government and NGOs, as well as providing training in organizational coalition-building skills, including advocacy training. DemNet Poland, managed by the Academy for Educational Development, provides small grants, management training, and technical assistance through a network of regional support centers. It has adopted a broad approach to promote networking and inter-NGO cooperation on three levels: local, national and regional. Local efforts have focused on activities advocating the development of transparent NGO funding procedures at the municipal level. DemNet also has been instrumental in initiating partnerships between a number of international and local NGOs to create viable models for community foundations in Poland. The World Learning-managed DemNet program in Romania supports NGOs in the development of comprehensive policy-oriented projects that address concerns relating to the environment, social services, democracy and human rights, and economic restructuring. Emphasizing the role of NGOs in public policy, activities are designed to promote an atmosphere of accountability by providing NGOs with an array of program and organizational and management skills. The focus of technical assistance and training is on increasing the capacity of Romanian NGOs to interface with stakeholders and policy makers through skills development in advocacy and media, as well as in areas pertaining to institution building and management.

DemNet also includes two regional programs with a strong capacity-building component. The Regional Legal Program, managed by the International Center for Not-for-Profit Law, focuses on five priority areas: (1) providing technical assistance to ensure that the legislative framework is conducive to NGOs, (2) providing training and technical assistance to promote the fair, apolitical, and consistent implementation of the law, (3) undertaking educational and training projects to increase the local capacity of NGO representatives and private lawyers on NGO legal issues, (4) developing projects to promote public trust, transparency and democratic organizational governance through self-regulation of the NGO sector, and (5) fostering sustainable, informative networks that enable sharing of experience by individuals and organizations. The Regional Networking Project, managed by the National Forum Foundation, promotes and strengthens cross-border cooperation among the region's NGOs through a range of

training, publishing, information sharing and networking activities. These include regional exchanges offering NGOs the opportunity to develop professional relationships and transfer skills, U S -based internships for training, networking and program development, regional workshops and seminars for the institutional development of public policy-oriented NGOs, and a variety of publications designed to facilitate cooperation within the NGO community, including a periodic newsletter and directories of NGO trainers and public policy research and education institutes in the region. (Office of Democracy and Governance, Bureau for Europe and the New Independent States, NGO News: A Regional Newsletter for NGOs, National Forum Foundation, Washington, D C )

The Eurasia Foundation, established in 1993 and supported with USAID funding, shows a further way in which USAID is supporting development of the NGO sector in the states of the former Soviet Union. The Foundation's mandate is to make small grants on an on-going basis which facilitate the transition from centrally planned to market economies, encourage improvement of public service delivery and greater citizen involvement in civic decision-making, and improve the flow of information available to NIS citizens. An underlying theme of many Foundation-supported programs is improving management in NIS organizations, whether in the private, non-profit, or public sectors. NGO development is one of several sectors to which the Foundation targets its grantmaking. It supports programs that advance the development of the NGO sector as a whole, including improving management of NGOs, developing local philanthropy, and improving public awareness of the NGO sector. It does not support the organizational development of individual NGOs. The foundation works largely through field offices, each of which is responsible for a grantmaking portfolio and establishing a programmatic strategy for its region. Among NGO-related activities supported by the Foundation are advice on legal and tax issues, legislative reforms to improve the NGO enabling environment, creation of support centers to provide ongoing training, consulting, and networking services, establishment of professional associations to develop standards of achievement and behavior, and training in nonprofit management, fundraising, public outreach, and networking. (The Eurasia Foundation, Washington, D C , 1996-97 Report, Program Application Guidelines)

## VI CENTRALLY-FUNDED EXAMPLES OF USAID NGO CAPACITY-BUILDING

Of the central bureaus in USAID, only the Global Bureau (G) and the Bureau for Humanitarian Response (BHR) operate programs that involve local NGOs. Most of the activities involving local NGOs supported by these two bureaus do not focus on capacity building. The Global Bureau Centers, however, are increasingly aware of the importance of SNGO capacity building. The Democracy and Governance Center in particular is involved in a wide range of civil

society strengthening programs that include local NGOs, especially those in the political and advocacy areas

The Office of Private and Voluntary Cooperation (PVC) in BHR is one office that focuses directly on strengthening non-profit organizations and capacity building is its central area of emphasis. While PVC has traditionally focused on building the capacity of U S PVOs, it is now extending its reach to include local NGOs. The subgoal of PVC's Strategic Plan is "NGOs and other local partners strengthened." The activities of PVC in support of NGO strengthening are briefly discussed below.

PVC's Grant Programs focus on strengthening the technical and organizational capacity of U S PVOs and through them, strengthening partnerships with local organizations to achieve sustainable service delivery. Both the competitive Matching Grants and Child Survival Programs place special emphasis on strengthening partnerships between U S PVOs and indigenous NGOs and other local groups. A specific objective is to build the capacity of local non-governmental organizations and community based organizations (CBOs) through formalized partnership agreements with U S PVOs.

Grant application guidelines require that all proposed activities must establish formal agreements with NGOs or CBOs to design and implement sustainable development projects. Starting in 1998, PVOs are required to jointly develop a memorandum of understanding and a capacity strengthening strategy, signed by both the PVO and NGO partner. These documents discuss how the proposed activity will strengthen the PVO and its participating local partner and explain the roles, responsibilities, and funding related to the collaborative relationship (Fiscal Year 1998 Matching Grant Application Guidelines, USAID Office of Private and Voluntary Cooperation).

PVC's Strategic Plan lists as its third Intermediate Result (IR3) the strengthening of PVO-NGO partnerships. A variety of activities under IR3 are aimed at strengthening local NGOs. Under IR3, PVC has been heavily involved in launching the International Forum on Capacity Building for Southern NGOs. This forum brings together donors, Southern NGOs, and International NGOs from around the world to discuss a variety of issues critical to strengthening Southern NGOs. PVC has also organized an Agency Resource Group for NGO Capacity Building that brings together people from different USAID bureaus interested in this issue. The Office is also building its capacity to be able to assist Missions and other offices in the Agency with enhancing the capacity of NGOs. It funds the Global Excellence in Management (GEM) Initiative discussed earlier in this document, that provides workshops and technical assistance aimed, in part, at promoting NGO strengthening. PVC supports activities to develop tools to assess and monitor NGO capacity and funds studies directed at identifying best practices and lessons learned in NGO capacity building and intersectoral partnerships. Because of these activities, PVC is quickly emerging as the focal point within the Agency for issues and programs related to NGO strengthening and is becoming the main contact point within the Agency for other donors and organizations working on the issue of NGO capacity building.